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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 2024

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 2024 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 2024

		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
	<i>Notes</i>		
REVENUE	4	455,473	462,027
Cost of services provided		<u>(400,155)</u>	<u>(405,679)</u>
Gross profit		55,318	56,348
Other income and gains	4	2,295	4,114
Selling and distribution expenses		(14,948)	(11,722)
Administrative expenses		(34,894)	(36,536)
Changes in fair value of investment properties		(3,000)	(6,075)
Finance costs	6	(7,881)	(7,194)
Share of profits and losses of:			
Joint ventures		1,526	(1,203)
Associates		5,721	5,346

		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
PROFIT BEFORE TAX	5	4,137	3,078
Income tax expense	7	(319)	(1,232)
PROFIT FOR THE PERIOD		<u>3,818</u>	<u>1,846</u>
Attributable to:			
Owners of the parent		2,381	302
Non-controlling interests		1,437	1,544
		<u>3,818</u>	<u>1,846</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>RMB</i>)	9	<u>0.01</u>	<u>—</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	<u>3,818</u>	<u>1,846</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:	(215)	(373)
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(173)</u>	<u>16</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(388)</u>	<u>(357)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(388)</u>	<u>(357)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,430</u>	<u>1,489</u>
Attributable to:		
Owners of the parent	1,993	(55)
Non-controlling interests	<u>1,437</u>	<u>1,544</u>
	<u>3,430</u>	<u>1,489</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	53,047	54,215
Investment properties		145,000	148,000
Right-of-use assets		10,816	15,520
Goodwill		25,901	25,901
Finance lease receivables		8,821	9,219
Other Intangible assets		10,028	12,311
Investments in joint ventures		24,964	23,438
Investments in associates		102,767	95,965
Equity investments designated at fair value through other comprehensive income		1,635	1,850
Other non-current assets		12,373	13,786
Deferred tax assets		20,891	18,864
		<hr/>	<hr/>
Total non-current assets		416,243	419,069
CURRENT ASSETS			
Inventories		244	100
Trade receivables	11	280,239	235,471
Prepayments and other receivables		133,206	109,367
Restricted bank balances		22,832	27,105
Finance lease receivables		786	768
Cash and cash equivalents	12	99,738	139,674
		<hr/>	<hr/>
Total current assets		537,045	512,485

		30 June	31 December
		2024	2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
CURRENT LIABILITIES			
Trade payables	13	132,624	126,912
Other payables and accruals		138,775	126,105
Interest-bearing bank and other borrowings		192,487	186,285
Lease liabilities		21,030	25,025
Tax payable		17,720	17,943
		<hr/>	<hr/>
Total current liabilities		502,636	482,270
		<hr/>	<hr/>
NET CURRENT ASSETS			
		34,409	30,215
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		450,652	449,284
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		14,386	13,563
Lease liabilities		151,226	154,628
Deferred tax liabilities		1,127	1,250
		<hr/>	<hr/>
Total non-current liabilities		166,739	169,441
		<hr/>	<hr/>
Net assets		283,913	279,843
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		3,391	3,391
Reserves		201,516	199,519
		<hr/>	<hr/>
		204,907	202,910
		<hr/> <hr/>	<hr/> <hr/>
Non-controlling interests		79,006	76,933
		<hr/>	<hr/>
Total equity		283,913	279,843
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 Xingtao, Mr. Fu Qichang 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 2024 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 2023.

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 2023, 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.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) 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 Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) 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. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2024	Property management services <i>RMB'000</i> (Unaudited)	Urban sanitary services <i>RMB'000</i> (Unaudited)	Catering services <i>RMB'000</i> (Unaudited)	Sublease service <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue (note 4)					
Service provided to external customers	<u>327,788</u>	<u>114,848</u>	<u>9,255</u>	<u>3,582</u>	<u>455,473</u>
Segment results	30,246	10,779	(1,087)	(3,578)	36,360
Reconciliation:					
Interest income					607
Share of profits and losses of:					
Joint ventures					1,526
Associates					5,721
Other unallocated income and gains					1,688
Corporate and other unallocated expenses					(37,894)
Finance costs (other than interest on lease liabilities)					<u>(3,871)</u>
Profit before tax					<u>4,137</u>

Six months ended 30 June 2023	Property management services <i>RMB'000</i> (Unaudited)	Urban sanitary services <i>RMB'000</i> (Unaudited)	Sublease service <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (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>

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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Property management services income on the lump sum basis	327,014	342,286
Property management services income on the fixed remuneration basis	774	787
Urban sanitary services income	114,848	118,440
Catering services income	9,255	—
<i>Revenue from other sources</i>		
Gross rental income from sublease service from investment properties	3,582	514
	455,473	462,027

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Services transferred over time		
Property management services	327,788	343,073
Urban sanitary services income	114,848	118,440
	442,636	461,513
At a point in time		
Catering services	9,255	—
	451,891	461,513

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	607	1,109
Interest income from finance lease receivables	227	208
Government grants*	241	2,238
Others	1,220	559
	2,295	4,114

* 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided	400,155	405,679
Depreciation of property, plant and equipment	13,332	7,593
Depreciation of right-of-use assets	4,704	1,973
Amortisation of intangible assets*	2,283	3,189
Research and development cost	2,715	2,640
Employee benefit expenses** (including Directors' and chief executive's remuneration)		
Wages and salaries	98,736	114,949
Pension scheme contributions (defined contribution scheme)	22,884	26,642
Lease payments not included in the measurement of lease liabilities	95	699
Auditor's remuneration	800	1,158
Bank charges	392	278
Office expenses	4,379	2,902
Impairment of trade receivables, net	(146)	1,716
Net loss on disposal of items of property, plant and equipment	1,188	214
Fair value loss on investment properties	3,000	6,075
Gain on disposal of an associate	—	102
Interest income	(607)	(1,109)
Interest income from finance lease receivables	(227)	(208)
Government grants	(241)	(2,238)

* The amortisation of other intangible assets for the period is included in "administrative expenses" in the consolidated statement of profit or loss.

** Amounts of RMB301,190,000 and RMB314,801,000 of staff costs were included in "Cost of services provided" in profit or loss during the six months ended 30 June 2024 and 2023, respectively.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on bank loans and other borrowings	3,871	2,954
Interest on lease liabilities	4,010	4,240
	7,881	7,194

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% (2023: 25%) on the assessable profits of the PRC subsidiaries.

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax charge for the period	2,469	7,131
Deferred tax	(2,150)	(5,899)
Total tax charge for the period	<u>319</u>	<u>1,232</u>

8. INTERIM DIVIDENDS

The Directors of the Company proposed not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 (2023: 396,782,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the year ended 30 June 2024 (2023: Nil).

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

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>2,381</u>	<u>302</u>

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year	<u>396,782,000</u>	<u>396,782,000</u>
Earnings per share		
Basic and diluted (<i>RMB</i>)	<u>0.01</u>	<u>—</u>

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB13,789,000 (30 June 2023: RMB12,595,000), excluding property, plant and equipment acquired through a business combination.

Assets with a net book value of RMB1,652,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: RMB1,109,000), resulting in a net loss on disposal of RMB1,188,000 (30 June 2023: RMB214,000).

The Group pledged certain of its motor vehicles to secure the Group's borrowings which were included as interest-bearing other borrowings of RMB13,879,000. The net carrying amounts of these pledged motor vehicles as at 30 June 2024 were RMB15,283,000.

11. TRADE RECEIVABLES

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	294,349	249,727
Impairment	<u>(14,110)</u>	<u>(14,256)</u>
	<u>280,239</u>	<u>235,471</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 2024, included in the Group's trade receivables are amounts due from the Group's associates of RMB2,941,000 (31 December 2023: RMB5,864,000) and of RMB69,000 from joint ventures (31 December 2023: RMB23,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

At 30 June 2024, the Group has pledged trade receivables of approximately RMB26,147,000 (2023: RMB37,445,000) to secure certain of the bank and other borrowings.

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 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 1 year	258,329	216,374
1 to 2 years	20,632	17,993
2 to 3 years	1,278	1,104
	<u>280,239</u>	<u>235,471</u>

12. CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Cash and bank balances	<u>99,738</u>	<u>139,674</u>

At the end of reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB97,230,000 (2023: RMB137,842,000). 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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	126,595	121,143
3 to 12 months	4,108	2,882
Over 1 year	1,921	2,887
	<u>132,624</u>	<u>126,912</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 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 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 547 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 554 property management agreements in the same period of 2023.

During the Period, approximately 72.0% 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 25.2% of the Group's total revenue was generated from the provision of urban sanitary services, approximately 2.0% of the Group's total revenue was generated from catering services, and approximately 0.8% of the Group's total revenue was generated from sublease services from investment properties.

The Group's property management services have been and will continue to be strategically focused on high-end non-residential properties in the PRC and the Group's urban sanitary service is an important part of the comprehensive urban public services.

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			
	2024		2023	
	Revenue	% of total	Revenue	% of total
	RMB'000		RMB'000	
Property management services on the lump sum basis	327,014	71.8%	342,286	74.1%
Property management services on the fixed remuneration basis	774	0.2%	787	0.2%
Urban sanitary services	114,848	25.2%	118,440	25.6%
Catering services	9,255	2.0%	—	—
Sublease services from investment properties	3,582	0.8%	514	0.1%
Total	<u>455,473</u>	<u>100%</u>	<u>462,027</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			
	2024		2023	
	Revenue <i>RMB'000</i>	% of total	Revenue <i>RMB'000</i>	% of total
Commercial establishments & office buildings	182,876	55.8%	212,415	61.9%
Public properties	84,829	25.9%	88,218	25.7%
Residential properties	29,236	8.9%	30,328	8.9%
Others	30,847	9.4%	12,112	3.5%
Total	<u>327,788</u>	<u>100%</u>	<u>343,073</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			
	2024		2023	
	Revenue <i>RMB'000</i>	% of total	Revenue <i>RMB'000</i>	% of total
Fujian	78,108	68.0%	68,495	57.8%
Sichuan	11,276	9.8%	27,807	23.5%
Other	25,464	22.2%	22,138	18.7%
Total	<u>114,848</u>	<u>100%</u>	<u>118,440</u>	<u>100%</u>

HUMAN RESOURCES

The Group employed 4,842 employees and dispatched staff comprising 2,335 female employees and 2,507 male employees as of 30 June 2024. 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

The Group has striven to develop as an operator for systematic urban management engaging in environmental and property management businesses in core regions around the country. Currently, the Group has been actively developing its business in the cities along the eastern coast, as well as the regions along the Yangtze River by extending the horizontal development of complementary products and vertical development along the industrial chain. The Group has gradually kick-started its acquisition and investment activities. Against the backdrop of global economic downturn, the Group will carry out its acquisition activities in a prudent manner, and focus more on those businesses of superior synergy effects with comprehensive urban public services, such as sublease services from investment properties and operation of urban public parking resources.

As a leading service provider in the non-residential property management service industry, the Group will continue to build up its core competitiveness in equipments and facilities maintenance technology. We endeavor to achieve innovative development in technology with our ability to operate and maintain the online and offline integrated 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 and enhance 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 2024, 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 decreased by approximately 1.4% to approximately RMB455.5 million for the Period from approximately RMB462.0 million for the six months ended 30 June 2023. The decrease in revenue was mainly attributable to (i) the revenue generated from property management services decreased from approximately RMB343.1 million for the six months ended 30 June 2023 to approximately RMB327.8 million for the Period, which was mainly due to the disposal of Shanghai Bund in July 2023, (ii) the revenue generated from urban sanitary services decreased from approximately RMB118.4 million for the six months ended 30 June 2023 to approximately RMB114.8 million for the Period, (iii) the revenue generated from sublease services from investment properties increased from approximately RMB0.5 million for the six months ended 30 June 2023 to approximately RMB3.6 million for the Period, and (iv) the revenue generated from newly initialized catering services of approximately RMB9.3 million.

Cost of services provided

The Group's cost of services provided decreased by approximately 1.4% to approximately RMB400.2 million for the Period from approximately RMB405.7 million for the six months ended 30 June 2023. The decrease in cost of services kept in line with the decrease in revenue.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 1.8% to approximately RMB55.3 million for the Period from approximately RMB56.3 million for the six months ended 30 June 2023 due to the decrease in revenue. Gross profit margin kept stable at 12.1% for the Period as compared with the gross profit margin of 12.2% for the six months ended 30 June 2023.

Other income and gains

The Group's net other income and gains decreased by approximately 43.9% to approximately RMB2.3 million for the Period from approximately RMB4.1 million for the six months ended 30 June 2023. The decrease in net other income and gains was primarily due to the decrease in subsidy income.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 27.4% to approximately RMB14.9 million for the Period from approximately RMB11.7 million for the six months ended 30 June 2023. The increase in selling and distribution expenses was primarily due to the increased rental expenses which resulted from newly initialized catering services.

Administrative expenses

The administrative expenses decreased by approximately 4.4% to approximately RMB34.9 million for the Period as compared with that of approximately RMB36.5 million for the six months ended 30 June 2023.

Changes in fair value of investment properties

Changes in fair value of investment properties with the amount of RMB3.0 million for the Period represented valuation loss on decrease in the fair value of the investment property, which decreased by approximately 50.8% as compared with that for the six months ended 30 June 2023.

Interest expenses

The interest expenses increased by approximately 9.7% to approximately RMB7.9 million for the Period from approximately RMB7.2 million for the six months ended 30 June 2023, 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 profit of joint ventures increased to approximately RMB1.5 million for the Period from losses of approximately RMB1.2 million for the six months ended 30 June 2023. The increase was primarily due to the decrease in losses shared from Zhong Min Zhi Da.

Share of profits and losses of associates

Share of profit of associates kept stable at approximately RMB5.7 million for the Period as compared with the share of profit of associates of approximately RMB5.3 million for the six months ended 30 June 2023.

Income tax expense

The income tax expenses was approximately RMB0.3 million for the Period, while the income tax expenses was approximately RMB1.2 million for the six months ended 30 June 2023.

Profit for the Period and net profit margin

As a result of the foregoing, the net profit increased by approximately 111.1% to approximately RMB3.8 million for the Period from approximately RMB1.8 million for the six months ended 30 June 2023, while the net profit margin increased to 0.8% for the Period from 0.4% for the six months ended 30 June 2023.

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 and goodwill decreased by approximately 6.0% to approximately RMB35.9 million as at 30 June 2024 from approximately RMB38.2 million as at 31 December 2023, which was primarily due to the amortization of customer relationship.

Trade receivables

The trade receivables increased by approximately 19.0% to approximately RMB280.2 million as at 30 June 2024 from approximately RMB235.5 million as at 31 December 2023, 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 103.0 days as at 30 June 2024 as compared to 105.1 days as at 30 June 2023.

Prepayments and other receivables

The prepayment and other receivables increased by approximately 21.8% to approximately RMB133.2 million as at 30 June 2024 from approximately RMB109.4 million as at 31 December 2023. The increase was primarily due to the increase in payments on behalf of residents.

Trade payables

The trade payables increased by approximately 4.5% to approximately RMB132.6 million as at 30 June 2024 as compared with approximately RMB126.9 million as at 31 December 2023. The trade payables turnover (average trade payables divided by cost of services multiplied by 182 days) was kept at a stable level of 59.0 days as at 30 June 2024 as compared to 59.2 days as at 30 June 2023.

Other payables and accruals

The other payables and accruals increased by approximately 10.1% to approximately RMB138.8 million as at 30 June 2024 as compared with approximately RMB126.1 million as at 31 December 2023. The increase was primarily due to the increase in other payables on behalf of residents.

Cash Flow

For the Period, the net cash used in operating activities was approximately RMB21.9 million. The net cash used in investing activities for the Period was approximately RMB9.8 million. The net cash used in financing activities for the Period was approximately RMB8.0 million.

PLEDGE OF ASSETS

Certain property, plant and equipment with carrying amount of approximately RMB15.3 million as at 30 June 2024 (31 December 2023: approximately RMB16.2 million) were pledged to financing institutions. Besides, the Group had also pledged and factored certain of its trade receivables with net carrying amount of approximately RMB26.1 million (31 December 2023: RMB37.4 million) to secure the Group's borrowings as at 30 June 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB99.7 million. Cash and cash equivalents decreased by approximately RMB39.9 million as compared with the beginning of 2024. The total interest-bearing bank loans and other borrowings increased to approximately RMB206.9 million as at 30 June 2024 from approximately RMB199.8 million as at 31 December 2023. The gearing ratio (total debts divided by average total equity) as at 30 June 2024 was 73.4% (31 December 2023: 61.6%). The current ratio (total current assets divided by total current liabilities) as at 30 June 2024 was 1.1 (31 December 2023: 1.1).

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 2024, 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 2024.

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 C1 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 2024.

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 2024 and this announcement 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 2024.

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 2024.

Material Acquisition and Disposals of Subsidiaries or Associates

The Group had no material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2024.

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

During the six months ended 30 June 2024, 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 2024 INTERIM RESULTS AND INTERIM REPORT

The interim results announcement for the six months ended 30 June 2024 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 2024 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 “*” 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
“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 2024
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“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 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
“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 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

Hong Kong, 29 August 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.