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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 together with the comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2018

	Notes	**2018** *RMB'000*	2017 *RMB'000*
REVENUE	*3*	**392,258**	363,303
Cost of services provided	*4*	**(324,875)**	(296,434)
Gross profit		**67,383**	66,869
Other income and gains	*3*	**6,724**	7,611
Selling and distribution expenses		**(6,073)**	(4,682)
Administrative expenses		**(48,392)**	(42,690)
Finance costs	*5*	**(390)**	(1,496)
Share of profits and losses of:			
Joint ventures		**5,481**	5,148
Associates		**7,307**	7,159
PROFIT BEFORE TAX	*4*	**32,040**	37,919
Income tax expense	*6*	**(5,800)**	(1,752)
PROFIT FOR THE YEAR		**26,240**	36,167

	Notes	**2018** *RMB'000*	2017 *RMB'000*
Attributable to:			
Owners of the parent		**25,405**	35,919
Non-controlling interests		**835**	248
		26,240	36,167
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	**0.06**	0.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	2018 *RMB'000*	2017 *RMB'000*
PROFIT FOR THE YEAR	**26,240**	36,167
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**2,389**	(1,739)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**2,389**	(1,739)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**–**	–
Income tax effect	**–**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**2,389**	(1,739)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**28,629**	34,428
Attributable to:		
Owners of the parent	**27,794**	34,180
Non-controlling interests	**835**	248
	28,629	34,428

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,750**	2,003
Intangible assets		**895**	19
Investments in associates		**41,283**	34,936
Investments in joint ventures		**18,226**	15,395
Equity investments designated at fair value through other comprehensive income		**700**	–
Available-for-sale investments		**–**	–
Deferred tax assets		**35**	10,089
Total non-current assets		**64,889**	62,442
CURRENT ASSETS			
Inventories		**284**	97
Trade receivables	*9*	**82,943**	56,972
Prepayments and other receivables		**62,133**	74,430
Restricted bank balances		**11,107**	17,084
Wealth management products		**1,000**	2,000
Financial assets at fair value through profit or loss		**84,527**	–
Cash and cash equivalents		**80,481**	156,100
Total current assets		**322,475**	306,683
CURRENT LIABILITIES			
Trade payables	*10*	**53,043**	58,368
Other payables and accruals		**65,108**	69,966
Interest-bearing bank borrowings		**20,000**	5,000
Tax payable		**9,470**	20,288
Total current liabilities		**147,621**	153,622
NET CURRENT ASSETS		**174,854**	153,061
TOTAL ASSETS LESS CURRENT LIABILITIES		**239,743**	215,503
Net assets		**239,743**	215,503

	Notes	2018 RMB'000	2017 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,391**	3,349
Reserves		**227,698**	206,905
		231,089	210,254
Non-controlling interests		**8,654**	5,249
Total equity		**239,743**	215,503

NOTES

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 "Listing").

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the wealth management products and equity investments 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 2018. 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).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss is attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the amendments to HKFRS 2, HKFRS 4, HKAS 40 and *Annual Improvements 2014–2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The adoption of HFRS 9 has no significant impact on the Group's financial statements as at 1 January 2018.

Classification and measurement
The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

		HKAS 39 measurement		**Re-classification**	**ECL**	**Other**	**HKFRS 9 measurement**	
	Notes	**Category**	**Amount** *RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	**Amount** *RMB'000*	**Category**
Financial assets								
Trade receivables		L&R[1]	56,972	–	–	–	56,972	AC[2]
Financial assets included in prepayments and other receivables		L&R	72,505	–	–	–	72,505	AC
Restricted bank balances		L&R	17,084	–	–	–	17,084	AC
Wealth management products		L&R	2,000	–	–	–	2,000	FVPL[3]
Cash and cash equivalents		L&R	156,100	–	–	–	156,100	AC
Total assets			304,661	–	–	–	304,661	

1. L&R: Loans and receivables
2. AC: Financial assets or financial liabilities at amortised cost
3. FVPL: Financial assets at fair value through profit or loss

Impairment
The Group performed a detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its financial assets in accordance with the requirements of HKFRS 9. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group. No additional credit loss allowance has been recognised against accumulated profits as the amounts involved are insignificant as at 1 January 2018.

The transition to HKFRS 9 has no impact on reserves and retained profits as at 1 January 2018.

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 3 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition to the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018. The adoption of HKFRS 15 has no significant impact on the Group's financial statements as at 1 January 2018.

(i) Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as other payables. Under HKFRS 15, the amount is classified as contract liabilities which are included in other payables and accruals.

Therefore, upon adoption of HKFRS 15, the Group reclassified RMB8,183,000 from other payables to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under HKFRS 15, RMB5,750,000 was reclassified from other payables to contract liabilities in relation to the consideration received from customers in advance for the provision of property management services.

(c) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Property management service income on the lump sum basis	**388,140**	358,689
Property management service income on the fixed remuneration basis	**4,118**	4,614
	392,258	363,303

Revenue from contracts with customers

(i) 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:

	2018
	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Provision of property management services	**8,183**

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Property management services

The performances obligation is satisfied over time as services are rendered. Management service contracts are for periods of one to four years, or are billed based on the time incurred.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 are as follows:

	RMB'000
Within one year	247,151
More than one year	122,756
	369,907

The remaining performance obligations expected to be recognised in more than one year relate to construction services that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2018	2017
	RMB'000	*RMB'000*
Other income		
Bank interest income	**552**	855
Government grants*	**4,942**	6,477
Others	**1,230**	279
	6,724	7,611

* *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.*

4. PROFIT BEFORE TAX

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

	2018 *RMB'000*	2017 *RMB'000*
Cost of services provided	**324,875**	296,434
Depreciation	**906**	551
Amortisation of intangible assets	**106**	28
Research and development cost	**7,006**	3,086
Pension scheme contributions (defined contribution scheme), social welfare and other welfare	**32,866**	27,350
Minimum lease payments under operating leases	**2,444**	1,318
Auditor's remuneration	**960**	925
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	**86,500**	82,506
Bank charges	**140**	95
Office expenses	**2,354**	1,260
Listing expenses	**–**	10,592
Compensation expense for litigation	**–**	1,280
Net loss on disposal of items of property, plant and equipment	**4**	487

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2018 *RMB'000*	2017 *RMB'000*
Interest expense on bank borrowings	**390**	1,496

6. INCOME TAX EXPENSE

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

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

Under the People's Republic of China (the "PRC") Corporate Income Tax Law (the "New CIT Law"), the income tax rate became 25% starting from 1 January 2008. Therefore, a provision for the PRC income tax has been made at the applicable income tax rate of 25% (2017: 25%) on the assessable profits of the PRC subsidiaries.

	2018	2017
	RMB'000	*RMB'000*
Current Mainland China corporate income tax		
Charge for the year	**(4,254)**	3,397
Deferred tax	**10,054**	(1,645)
Total tax charge for the year	**5,800**	1,752

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2018	2017
	RMB'000	*RMB'000*
Profit before tax	**32,040**	37,919
Tax at the statutory tax rate of 25%	**8,010**	9,480
Lower tax rates enacted by local authority	**(290)**	(85)
Profit attributable to joint ventures and associates *(note(a))*	**(3,197)**	(3,077)
Expenses not deductible for tax	**667**	318
Release of tax provision upon the expiry of statute of limitation *(note(b))*	**(3,113)**	(8,648)
Tax losses not recognised	**3,723**	3,764
Tax charge at the Group's effective rate	**5,800**	1,752

Note:

(a) The share of tax attributable to joint ventures and associates amounting to RMB4,240,000 for the year ended 31 December 2018 (2017: RMB4,296,000), is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

(b) The release of a tax provision of RMB3,113,000 represented differences between tax provided under the Deem Profit Basis and Accounting Book Basis for certain entities of the Group for the year ended 31 December 2014. Such provision is only released upon the latter of (i) the receipt of confirmation from the competent tax bureau that the adoption of the deemed profit tax assessment basis and tax rate following the provisions of relevant PRC tax laws, which was received in April 2017; and (ii) the expiration of the statute of limitation of the tax provision for the year ended 2014, which was on 31 May 2018.

7. DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Interim — HK1 cent (2017: Nil) per ordinary share	**3,535**	–
Final — Nil (2017: HK3 cents) per ordinary share	**–**	9,726
	3,535	9,726

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 404,931,506 (2017: 305,753,425) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2018 (2017: Nil).

The calculation of basic earnings per share is based on:

	2018	2017
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**25,405**	35,919

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year	**404,931,506**	305,753,425
Earnings per share		
Basic and diluted (RMB)	**0.06**	0.12

9. TRADE RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**83,083**	56,972
Impairment	**(140)**	–
	82,943	56,972

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance in normally required. The credit period is generally 10 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.

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:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**70,584**	49,977
3 to 6 months	**6,324**	3,204
More than 6 months but less than 1 year	**3,687**	943
Over 1 year	**2,348**	2,848
	82,943	56,972

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

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Impairment losses	**140**	–
At end of year	**140**	–

Impairment under HKFRS 9 for the year ended 31 December 2018

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 geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and 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:

As at 31 December 2018

		Past due			
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Total**
Expected credit loss rate	0%	0%	0%	2.3%	0.17%
Gross carrying amount (RMB'000)	70,584	1,907	4,417	6,175	83,083
Expected credit losses (RMB'000)	–	–	–	(140)	(140)

The ageing analysis of the trade receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under HKAS 39 is as follows:

	2017
	RMB'000
Neither past due nor impaired	49,977
Less than 1 month past due	1,619
1 to 3 months past due	1,585
More than 3 months past due	3,791
	56,972

Receivables that were neither past due nor impaired relate to a large amount of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

10. TRADE PAYABLES

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

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**49,070**	53,660
3 to 12 months	**2,064**	2,719
Over 1 year	**1,909**	1,989
	53,043	58,368

The trade payables are unsecured, 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 only 19.4% in 1980 to 59.6% in 2018. Improved urbanization has led to an increased demand for residential and other property projects, resulting in an increased demand for property management services. According to the National New Urbanisation Plan (國家新型城鎮化規劃) (2014–2020) published in March 2014, the urbanization rate of permanent resident population is expected to reach 60% by 2020. The PRC property industry and property management industry will continue to develop in tandem with rising urbanization.

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 RMB36,396 in 2017 to RMB39,251 in 2018. 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 will be increasing supply of public properties such as museums, arenas and stadiums to cater for the increasing demand from city dwellers of the PRC.

BUSINESS REVIEW

The Group, through its subsidiaries and investments in associated companies, provide a wide range of property management services and valued-added services to a variety of properties in the PRC, a majority of which are in Shanghai. A few properties managed by the Group are located in Anhui, Zhejiang, Jiangshu, Hubei and Hunan Provinces. During the Period, the Group through its subsidiaries and investments in associated companies had entered into 400 property management agreements for the provision of various kinds of property management services for the properties in the PRC, representing an increase of 25.8% as compared to 318 property management agreements in the previous year.

During the Period, approximately 90.6% of total revenue was generated from provision of property management services to non-residential properties whereas the remaining 9.4% was generated from residential properties and other services. Hence, the Group's property management services have been and will continue to be strategically focused on non-residential properties in the PRC.

During the Period, the revenue was generated from the provision of property management services. Property management services comprise (i) engineering, repair and maintenance services, (ii) customer services, (iii) security services, and (iv) cleaning and gardening services. Approximately 98.9% of the revenue during the Period were generated from the provision of property management services on a lump sum basis. As to the lump sum basis, the customers pay a lump sum service fee for the management services and the Group bear all the costs and expenses involved in the management of a property or facility.

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

	For the year ended 31 December			
	2018		2017	
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total
Lump sum basis:				
Fees related to revenue-bearing GFA				
Public properties	**103,130**	**26.3%**	84,355	23.2%
Office buildings and hotels	**153,216**	**39.1%**	141,760	39.0%
Commercial establishments	**27,140**	**6.9%**	23,865	6.6%
Government properties	**12,458**	**3.2%**	12,138	3.3%
Residential properties	**35,820**	**9.1%**	32,272	8.9%
Subtotal	**331,764**	**84.6%**	294,390	81.0%
Fees related to non-revenue bearing GFA				
Residential properties	**1,265**	**0.3%**	511	0.1%
Non-residential properties	**55,111**	**14.0%**	63,788	17.6%
	56,376	**14.3%**	64,299	17.7%
Total of lump sum basis	**388,140**	**98.9%**	358,689	98.7%
Fixed remuneration basis				
Non-residential properties	**4,118**	**1.1%**	4,614	1.3%
Total of fixed remuneration basis	**4,118**	**1.1%**	4,614	1.3%
Total	**392,258**	**100.0%**	363,303	100.0%

The table below sets forth a breakdown of revenue-bearing GFA under the management of the Group by type of properties for the year indicated.

	For the year ended 31 December			
	2018		2017	
	GFA	**% of total**	GFA	% of total
	'000 sq.m.		*'000 sq.m.*	
Public properties	**1,837**	**33.7%**	1,530	31.2%
Office buildings and hotels	**1,403**	**25.7%**	1,495	30.4%
Commercial establishments	**554**	**10.2%**	452	9.2%
Government properties	**67**	**1.2%**	59	1.2%
Residential properties	**1,591**	**29.2%**	1,373	28.0%
Total	**5,452**	**100.0%**	4,909	100.0%

The table below sets forth a breakdown of management fee per sq.m. of revenue-bearing GFA under the management of the Group by type of properties for the year indicated.
For the year ended 31 December

	2018	2017
	RMB	*RMB*
Average monthly fee per GFA (sq.m.)		
Public properties	**4.7**	4.6
Office buildings and hotels	**9.1**	7.9
Commercial establishments	**4.1**	4.4
Government properties	**15.4**	11.1
Residential properties	**1.9**	2.0

During the Period, the average monthly fee per GFA is relatively higher for offices buildings and hotels, government properties and public properties. Thus, the higher the ratio of office buildings and hotels, government properties and public properties under management, the higher average monthly fee per GFA will be. The total GFA of the managed residential properties increased by approximately 15.9% to approximately 1,591,000 sq.m. for the year ended 31 December 2018 from approximately 1,373,000 sq.m. for the year ended 31 December 2017. The average monthly fee per GFA of residential properties decreased by approximately 5% to approximately RMB1.9 per sq.m. for the year ended 31 December 2018 from RMB2.0 per sq.m. for the year ended 31 December 2017.

HUMAN RESOURCES

The Group employed 1,184 employees and dispatched staff as of 31 December 2018. 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 grant 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 believes that the Listing on the Main board of the Stock Exchange on 11 December 2017 will greatly benefit our Group taking into account (i) that the proceeds from the Listing will enable our Group to grasp the business opportunities arising from (a) the expected growth of the property management industry in the PRC; (b) our competitive edge in the public property management sector in the industry; (ii) the proceeds of Listing would mitigate our cash outflow exposure; and (iii) the Listing will enhance our Group's corporate profile, credibility, brand awareness and market status amongst customers, suppliers, subcontractors and employees, enable us to raise fund in the capital market for future business development and diversify our shareholder base. The Group intends to implement the following principal strategies to expand its business and create value for the shareholders of the Company:

- Horizontal expansion by acquisition, investment or forming business alliance with property management companies in the markets to which we want to expand its property management business.

- Vertical expansion of both industry chain and supply chain in the property management industry by providing consultancy services and information, data collection, and analysis services and information technology systems to property developers and property owners; and by expanding the scope of services in order to enhance customers' satisfaction.

- The development of information technology system on both database level and application level in order to enhance the quality of property management services and for streamlining and standardising property management services in order to elevate service quality, consistency and optimise cost efficiency.

- Recruitment of more talent in order to facilitate the provision of a wide range of services to customers and property developers and property owners in various stages of property development.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 8.0% to approximately RMB392.3 million for the year ended 31 December 2018 from RMB363.3 million for the year ended 31 December 2017. The increase in revenue was mainly attributable by the increase in the property management services by approximately 12.7% to approximately RMB331.8 million from those revenue-bearing GFA. Revenue derived from providing property management services for public properties, office buildings and hotels, and government properties increased by approximately 22.3%, 8.1% and 2.6%, respectively which was mainly attributable to the increase in the average monthly fee per GFA (sq.m.) for the aforesaid properties for the year ended 31 December 2018. However, the said increase was partially offset by the decrease in revenue from non-revenue bearing GFA to approximately RMB56.4 million for the year ended 31 December 2018 from approximately RMB64.3 million for the year ended 31 December 2017.

Cost of services provided

The Group's cost of services provided increased by approximately 9.6% to approximately RMB324.9 million for the year ended 31 December 2018 from RMB296.4 million for the year ended 31 December 2017. The increase in cost of service provided was in line with the increase in property management services income from revenue-bearing GFA which leads to the increase in staff costs, sub-contracting staff costs and utility expenses.

Gross profit and gross profit margin

The Group's gross profit slightly increased by approximately 0.7% to approximately RMB67.4 million for the year ended 31 December 2018 from RMB66.9 million for the year ended 31 December 2017 due to an increase in revenue despite being partially offset by the increase in the cost of services provided. Gross profit margin for the year ended 31 December 2018 was approximately 17.2% which is lower than gross profit margin for the year ended 31 December 2017 at approximately 18.4% as a result of the increase in cost of services provided.

Other income and gains

The Group's other income and gains decreased to approximately RMB6.7 million for the year ended 31 December 2018 from RMB7.6 million for the year ended 31 December 2017. The decrease in other income and gains was primarily due to the decrease in government grants.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 29.8% to approximately RMB6.1 million for the year ended 31 December 2018 from RMB4.7 million for the year ended 31 December 2017. The increase in selling and distribution expenses was primarily due to recruitment of selling and distribution staff and carrying out more marketing and promotional activities during the year ended 31 December 2018.

Administrative expenses

The administrative expenses increased by approximately 13.3% to approximately RMB48.4 million for the year ended 31 December 2018 from RMB42.7 million for the year ended 31 December 2017. The increase in the administrative expenses was primarily attributable to (i) the increase of staff costs by approximately 32.5% to approximately RMB27.3 million for the year ended 31 December 2018 from RMB20.6 million for the year ended 31 December 2017 due to recruitment of more middle and senior management for the expansion of the business, (ii) the increase of research and development cost by approximately 125.8% to approximately RMB7.0 million for the year ended 31 December 2018 from RMB3.1 million for the year ended 31 December 2017 for the development of the information technology system on both database level and application level in order to enhance the quality of the property management services, and (iii) the increase of consultancy fees including compliance advisor fees, legal and professional fees and public relation consultant fees, etc. by approximately 533.3% to approximately RMB5.7 million for the year ended 31 December 2018 from RMB0.9 million for the year ended 31 December 2017 due to the professional fees incurred after the Listing in compliance with the Listing Rules. The aforementioned increases were partially offset by the decrease in listing fees and compensation expense for litigation which were not incurred for the Period.

Finance costs

The finance costs decreased to approximately RMB0.4 million for the year ended 31 December 2018 from RMB1.5 million for the year ended 31 December 2017. The significant decrease in the finance costs was due to the decrease in average bank borrowings during the Period.

Share of profits and losses of joint ventures

Share of profits of joint venture increased by approximately 7.8% to approximately RMB5.5 million for the year ended 31 December 2018 from RMB5.1 million for the year ended 31 December 2017 due to increase in profits shared from Bengbu Zhi Xin and Hefei Zheng Wen.

Share of profits and losses of associates

Share of profits of associates was maintained at a stable level of approximately RMB7.3 million for the year ended 31 December 2018 as compared to the year ended 31 December 2017.

Income tax expense

The income tax expenses increased to approximately RMB5.8 million for the year ended 31 December 2018 from RMB1.8 million for the year ended 31 December 2017. The increase in income tax expense was mainly due to the decrease in release of income tax provision from RMB8.6 million for the year ended 31 December 2017 to approximately RMB3.1 million for the year ended 31 December 2018. The release of tax provision of RMB8.6 million and RMB3.1 million, represented difference between tax provided under Deemed Profit Basis and Accounting Book Basis for certain entities of the Group for the year ended 2012, 2013 and 2014. For further details, please refer to Financial Information section of the Company's prospectus dated 28 November 2017 (the "Prospectus").

Profit for the period and net profit margin

As a result of foregoing, the net profit decreased by approximately 27.6% to approximately RMB26.2 million for the year ended 31 December 2018 from RMB36.2 million for the year ended 31 December 2017 and the net profit margin decreased to 6.7% for the year ended 31 December 2018 from 10.0% for the year ended 31 December 2017.

Trade Receivables

The trade receivables increased by approximately 45.4% to approximately RMB82.9 million for the year ended 31 December 2018 from RMB57.0 million for the year ended 31 December 2017, primarily due to the government organisations settlement pattern and the long-term relationship with them, the trade receivables for the year ended 31 December 2018 are relatively higher. However, the trade receivables are in line with the historical pattern throughout the Period. The trade receivables turnover (average trade receivables divided by revenue multiplied by 365 days) was 65.1 days (2017: 59.3 days).

Prepayments, deposits and other receivables

The prepayment, deposits and other receivables decreased by approximately 16.5% to approximately RMB62.1 million for the year ended 31 December 2018 from RMB74.4 million for the year ended 31 December 2017. The decrease in prepayment, deposits and other receivables primarily due to the amount of net proceeds from international placing approximately RMB50.2 million for the year ended 31 December 2017 which was subsequently received on 10 January 2018 but partially offset by (i) increase in prepayment on Share Award Scheme approximately RMB13.4 million for the year ended 31 December 2018; and (ii) increase in earnest money paid and loan advance for acquisition of one property cleaning and environmental hygiene services company approximately RMB10.0 million. Please refer to the Company announcement dated 11 January 2019 for further details of the Acquisition.

Trade payables

The trade payables decreased by approximately 9.2% to approximately RMB53.0 million as at 31 December 2018 from RMB58.4 million as at 31 December 2017, primarily due to the earlier settlement of the trade payable. The trade payables turnover (average trade payables divided by cost of services provided multiplied by 365 days) was 62.6 days (2017: 66.2 days).

Other payables and accruals

The other payables and accruals decreased by approximately 7.0% to approximately RMB65.1 million as at 31 December 2018 from RMB70.0 million as at 31 December 2017. As at 31 December 2018, receipts on behalf of residents accounted for approximately 43.8% of total other payables and accruals. The receipts on behalf of residents increased by approximately 5.9% to approximately RMB28.5 million as at 31 December 2018 from RMB26.9 million as at 31 December 2017.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

As at 31 December 2018, the Group had cash and cash equivalents of approximately RMB165.0 million. Cash and cash equivalents increased by approximately RMB156.1 million as compared with the beginning of 2018. The total interest-bearing bank borrowings increased to approximately RMB20.0 million as at 31 December 2018 from RMB5.0 million as at 31 December 2017. The gearing ratio (total debts divided by total equity) as at 31 December 2018 was approximately 8.3% (31 December 2017: 2.3%). The current ratio (total current assets divided by total current liabilities) as at 31 December 2018 was 2.2 (31 December 2017: 2.0).

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 2018, 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 2018 and up to the date of this announcement.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018.

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 2019 to Tuesday, 11 June 2019, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 4 June 2019.

USE OF NET PROCEEDS

Net proceeds from the IPO (including the exercise of the over-allotment options on 5 January, 2018), after deducting the underwriting commission and other estimated expenses in connection with the Global Offering which the Company received amounted to approximately HK$125.5 million (equivalent to approximately RMB104.9 million), comprising HK$117.9 million (equivalent to approximately RMB98.6 million) raised from the Global Offering and HK$7.6 million (equivalent to approximately RMB6.3 million) from the issue of shares pursuant to the exercise of the over-allotment options, respectively.

As at 31 December 2018, the net proceeds from the Listing were utilised as follows:

Use of proceeds	**Net proceeds**	**Proceeds Used**	**Balances**
	HK$ million	*HK$ million*	*HK$ million*
Horizontal expansion by acquisition, investment or forming business alliance with property management companies in the markets	42.7	0.1	42.6
Vertical expansion of both industry chain and supply chain in the property management industry	29.8	15.5	14.3
The development of information technology system	19.8	13.0	6.8
Recruitment of talent and implementation of training and recruitment programs	16.3	7.4	8.9
Repayment of bank borrowings	5.0	5.0	–
General working capital	11.9	11.9	–
	125.5	**52.9**	**72.6**

As of the date of this announcement, the Company does not anticipate any changes to its plan on the use of proceeds as stated in the Prospectus.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to establishing good corporate governance practices 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 Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (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 2018.

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 Period, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 6,550,000 shares of the Company at a total consideration of approximately HK$15.0 million.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 December 2018 have been reviewed by the Audit Committee. The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2018 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 2018. 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 2018 ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the year ended 31 December 2018 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 2018 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
"Bengbu Zhi Xin"	Bengbu Zhi Xin Property Company Limited* (蚌埠市置信物業有限公司), a limited liability company established in the PRC on 13 September 2004, a joint venture company of the Company and indirectly owned as to 50% by the Company and 50% by two independent Third Parties
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Company"	Riverine China Holdings Limited (浦江中國控股有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability on 27 July 2016
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"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
"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 year ended 31 December 2018
"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
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"sq. m."	square metre
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%" or "per cent"	per centum or percentage

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

Shanghai, PRC, 27 March 2019

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 Mr. Jia Shaojun; 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.