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Tomson Group

RIVERA (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 281)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

The board of Directors (the “Board”) of Rivera (Holdings) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st December, 2018 together with the comparative figures for the corresponding year of 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31st December	
		2018	2017
		HK\$’000	HK\$’000
Gross proceeds from operations	4&5	<u>219,662</u>	<u>140,097</u>
Revenue	4&5	38,119	2,269
Cost of sales		(2,457)	(398)
Gross profit		<u>35,662</u>	<u>1,871</u>
Dividends from equity instruments at fair value through other comprehensive income		100,172	–
Dividends from available-for-sale investments		–	86,000
Other income		18,978	8,980
Selling expenses		(367)	(1)
Administrative expenses		(13,473)	(12,297)
Exchange (loss) gain		(1,177)	1,645
Net gain on financial assets at fair value through profit or loss		7,497	7,388
		<u>147,292</u>	<u>93,586</u>
Share of results of an associate		47,299	177,992
Profit before taxation	6	<u>194,591</u>	<u>271,578</u>
Taxation	7	(17,609)	9,743
Profit for the year		<u>176,982</u>	<u>281,321</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – continued

	Notes	Year ended 31st December	
		2018	2017
		HK\$'000	HK\$'000
Profit for the year attributable to:			
Owners of the Company		177,053	281,142
Non-controlling interests		(71)	179
		<u>176,982</u>	<u>281,321</u>
Earnings per share (HK cents)	9		
– Basic		<u>6.79</u>	<u>10.78</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	Year ended 31st December	
	2018	2017
	HK\$'000	HK\$'000
Profit for the year	176,982	281,321
Other comprehensive (expense) income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Fair value gain on available-for-sale investments	–	147,434
Exchange differences arising from translation of:		
– other foreign operations	(8,740)	12,145
– an associate	(45,393)	71,082
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income	(299,336)	–
Other comprehensive (expense) income for the year	(353,469)	230,661
Total comprehensive (expense) income for the year	<u>(176,487)</u>	<u>511,982</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(173,874)	511,017
Non-controlling interests	(2,613)	965
	<u>(176,487)</u>	<u>511,982</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31st December	
		2018 HK\$'000	2017 HK\$'000
Non-current Assets			
Property, plant and equipment		4,459	5,290
Investment property		28,563	28,563
Interest in an associate		755,406	975,284
Deferred tax assets		17,885	16,594
Equity instruments at fair value through other comprehensive income	10	557,569	–
Available-for-sale investments	10	–	776,956
		1,363,882	1,802,687
Current Assets			
Properties held for sale		15,634	18,942
Financial assets at fair value through profit or loss	11	114,964	57,287
Other receivables and prepayments		21,379	21,211
Prepaid tax		484	2,235
Cash and bank balances		1,313,034	1,218,731
		1,465,495	1,318,406
Current Liabilities			
Trade and other payables and accruals	12	18,963	16,745
Tax payable		122,519	113,857
		141,482	130,602
Net Current Assets		1,324,013	1,187,804
Total Assets less Current Liabilities		2,687,895	2,990,491
Capital and Reserves			
Share capital		442,244	442,244
Reserves		2,213,701	2,504,960
		2,655,945	2,947,204
Equity attributable to owners of the Company		2,655,945	2,947,204
Non-controlling interests		8,590	11,203
Total Equity		2,664,535	2,958,407
Non-current Liability			
Deferred tax liabilities		23,360	32,084
		2,687,895	2,990,491

Notes:

1. The Audit Committee of the Board of the Company has reviewed the consolidated financial statements of the Group for the year ended 31st December, 2018.

2. **BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, and in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and comply with the requirements of the Hong Kong Companies Ordinance (the “Companies Ordinance”) which concern the preparation of consolidated financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the years ended 31st December, 2018 and 2017 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31st December, 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31st December, 2018 in due course.

The Company’s auditor has reported on the consolidated financial statements for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

3. **APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

The Group has applied the following new HKFRSs and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
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”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS – continued

Except as described below, the application of the above new HKFRSs and amendments to HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded Hong Kong Accounting Standard (“HKAS”) 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations. HKFRS 15 applies to all contracts with customers except for leases within the scope of HKAS 17 “Leases”.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1st January, 2018. Any difference at the date of initial application was recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated.

Information about the Group’s performance obligations from application of HKFRS 15 is disclosed in Note 4.

The Directors of the Company reviewed and assessed the Group’s revenue as at 1st January, 2018 based on the facts and circumstances that existed at that date. There was no material impact on initial application of HKFRS 15.

In the current year, the Group has applied HKFRS 9 “Financial Instruments” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL) retrospectively to financial instruments that have not been derecognised as at 1st January, 2018 (date of initial application) and has not applied the requirements to financial instruments that have already been derecognised as at 1st January, 2018.

As at 1st January, 2018, the Directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No material impact on impairment was noted at the date of initial application, 1st January, 2018.

For available-for-sale equity investments reclassified to fair value through other comprehensive income (“FVTOCI”), the Group elected to present in other comprehensive income for the fair value changes of all its equity investments previously classified as available-for-sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$776,956,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which HK\$43,791,000 related to unlisted equity investments previously measured at cost less impairment under HKAS 39 “Financial Instrument: Recognition and Measurement”. The fair value gains of HK\$316,990,000 relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS – continued

The Group has not early applied the following new HKFRSs and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
HK(IFRIC) – Int 23	Uncertainty Over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁵
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1st January, 2019.

² Effective for annual periods beginning on or after 1st January, 2021.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual periods beginning on or after 1st January, 2020.

⁵ Effective for annual periods beginning on or after 1st January, 2020.

The Directors of the Company anticipate that the application of all new HKFRSs and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

	2018 HK\$'000	2017 HK\$'000
Sales of properties	37,381	1,506
Leasing of properties	738	763
REVENUE	<u>38,119</u>	<u>2,269</u>
Gross proceeds from disposal of financial assets at fair value through profit of loss	78,007	48,970
Dividends income from equity instruments at FVTOCI	100,172	–
Dividends income from available-for-sale investments	–	86,000
Dividends income from financial assets at fair value through profit or loss	3,364	2,858
GROSS PROCEEDS FROM OPERATIONS	<u><u>219,662</u></u>	<u><u>140,097</u></u>

Performance obligation for contracts with customers

Revenue from sales of properties is recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

5. SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to chief operating decision makers, the executive Directors of the Company, for the purposes of resources allocation and performance assessment are as follows:

- Property Development and Investment - sales and leasing of properties
 Securities Trading and Investment - dealings in financial assets at fair value through profit or loss and equity instruments at FVTOCI/ available-for-sale investments

	Property Development and Investment HK\$'000	Securities Trading and Investment HK\$'000	Total HK\$'000
<u>2018</u>			
Gross proceeds from operations – segment revenue	<u>38,119</u>	<u>181,543</u>	<u>219,662</u>
Results			
Segment profit	<u>34,099</u>	<u>107,543</u>	141,642
Other income			18,978
Unallocated expenses			(13,328)
Share of results of an associate			47,299
			<hr/>
Profit before taxation			<u>194,591</u>
 <u>2017</u>			
Gross proceeds from operations – segment revenue	<u>2,269</u>	<u>137,828</u>	<u>140,097</u>
Results			
Segment profit	<u>320</u>	<u>92,975</u>	93,295
Other income			8,980
Unallocated expenses			(8,689)
Share of results of an associate			177,992
			<hr/>
Profit before taxation			<u>271,578</u>

Except for the presentation of segment revenue which is different from the reported revenue in the consolidated statement of profit or loss, the accounting policies of the reportable segments are the same as the Group's accounting policies. For details of reconciliation of segment revenue to the Group's revenue of HK\$38,119,000 (2017: HK\$2,269,000), please refer to Note 4. Segment profit represents the results of each segment without allocation of central administrative costs including depreciation of property, plant and equipment for corporate function, directors' salaries, share of results of an associate and other income. This is the measure reported to the executive Directors for the purposes of resources allocation and performance assessment.

5. SEGMENT INFORMATION – continued

REVENUE FROM MAJOR PRODUCTS AND SERVICES

The following is an analysis of the Group's revenue from its major products and services:

	2018	2017
	HK\$'000	HK\$'000
Sales of properties	37,381	1,506
Leasing of properties	738	763
	<u>38,119</u>	<u>2,269</u>

GEOGRAPHICAL INFORMATION

The Group's operations are located in Hong Kong, Macau and the Mainland of the People's Republic of China (the "Mainland China").

The Group's revenue from external customers based on the location of properties sold and leased out and information about its non-current assets (excluding deferred tax assets and equity instruments at FVTOCI/available-for-sale investments) by geographical location of the assets (including the operation of the associate) are detailed below:

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	–	–	151	302
Macau	33,379	–	32,868	33,547
The Mainland China	4,740	2,269	755,409	975,288
	<u>38,119</u>	<u>2,269</u>	<u>788,428</u>	<u>1,009,137</u>

6. PROFIT BEFORE TAXATION

	2018	2017
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	865	1,047
Written-off property, plant and equipment	<u>1</u>	<u>2</u>

7. TAXATION

	2018 HK\$'000	2017 HK\$'000
Current tax:		
Hong Kong Profits Tax	–	7
Macau Complementary Tax	2,465	–
Mainland China Enterprise Income Tax	2,915	1,044
Mainland China Land Appreciation Tax	692	424
Mainland China Withholding Tax	11,089	9,770
Underprovision (overprovision) in prior years:		
Hong Kong Profits Tax	(30)	(20)
Mainland China Land Appreciation Tax	11,323	–
	<u>28,454</u>	<u>11,225</u>
Deferred tax credit	(10,845)	(20,968)
	<u>17,609</u>	<u>(9,743)</u>

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%). No provision for Hong Kong Profits Tax has been made since there is no assessable profit for the year.

The Macau Complementary Tax is levied at 12% (2017: 12%) on the taxable income for the year.

The income tax rate of the subsidiaries in the Mainland China for the year ended 31st December, 2018 is 25% (2017: 25%).

8. DIVIDEND

The Directors recommend payment of a final dividend of HK\$0.04 (2017: HK\$0.045) per share amounting to approximately HK\$104,342,000 for the year ended 31st December, 2018, subject to approval by the shareholders at the forthcoming annual general meeting.

In June 2018, a dividend of HK\$0.045 per share amounting to approximately HK\$117,385,000 in aggregate was paid to shareholders as the final dividend for the year ended 31st December, 2017.

In June 2017, a dividend of HK\$0.05 per share amounting to approximately HK\$130,427,000 in aggregate was paid to shareholders as the final dividend for the year ended 31st December, 2016.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit attributable to owners of the Company for the year ended 31st December, 2018 of HK\$177,053,000 (2017: HK\$281,142,000) and on the number of 2,608,546,511 (2017: 2,608,546,511) shares in issue during the year.

No diluted earnings per share is presented as there was no dilutive ordinary share outstanding during both years.

10. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS

The investments as at 31st December, 2018 and 2017 comprise:

	2018	2017
	HK\$'000	HK\$'000
Equity instruments at FVTOCI (<i>Note (a)</i>)		
– Listed equity investment (<i>Note (b)</i>)	546,533	–
– Unlisted equity investments (<i>Note (c)</i>)	11,036	–
	<hr/>	<hr/>
	557,569	–
	<hr/> <hr/>	<hr/> <hr/>
Available-for-sale investments		
– Listed equity investment (<i>Note (b)</i>)	–	733,165
– Unlisted equity investments (<i>Note (d)</i>)	–	43,791
	<hr/>	<hr/>
	–	776,956
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The above equity investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors of the Company have elected to designate these investments as equity instruments at FVTOCI.
- (b) The listed equity investment represents 11.88% (2017: 11.75%) of the ordinary shares of Tomson Group Limited which is a company incorporated in the Cayman Islands and listed on The Stock Exchange of Hong Kong Limited. Fair value of listed equity investment has been determined with reference to quoted market price.
- (c) The unlisted equity investments represent investments in private entities. Fair value of the unlisted equity investments has been determined with reference to the adjusted net asset values or market approach for business enterprises valuation.
- (d) The unlisted equity investments represent investments in private entities. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant and the probabilities of the various estimates cannot be reasonably assessed that the Directors of the Company are of the opinion that their values cannot be measured reliably.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss represent equity securities listed in Hong Kong.

An analysis of financial assets at fair value through profit or loss as at 31st December, 2018 and 2017 by industry classification is set out below:

	2018	2017
	HK\$'000	HK\$'000
Real estate investment trusts	21,981	23,059
Financials	61,208	12,583
Conglomerates	31,775	21,645
	<hr/>	<hr/>
	114,964	57,287
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables amounting to HK\$23,000 (2017: HK\$24,000) and their aged analysis based on invoice date as at the end of the reporting period is as follows:

	2018	2017
	HK\$'000	HK\$'000
Over 1 year	23	24
	<hr/> <hr/>	<hr/> <hr/>

FINAL DIVIDEND

The Board of the Company recommends payment of a final dividend of HK\$0.04 per share for the year ended 31st December, 2018 (2017: HK\$0.045 per share).

Subject to the shareholders' approval at the forthcoming annual general meeting of the Company, the record date and time for entitlement to the proposed final dividend for 2018 is Tuesday, 4th June, 2019 at 4:30 p.m.. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 4th June, 2019 for registration. Dividend warrants are expected to be despatched on Friday, 14th June, 2019.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled for Thursday, 30th May, 2019 (the "2019 AGM"). For determining the shareholders' entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Monday, 27th May, 2019 to Thursday, 30th May, 2019, both days inclusive, during which period no transfer of shares of the Company will be effected.

In order to be eligible to attend and vote at the 2019 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited at the above address, not later than 4:30 p.m. on Friday, 24th May, 2019 for registration.

GENERAL OVERVIEW

For the year ended 31st December, 2018, the Group recorded a consolidated profit after taxation attributable to shareholders of the Company of HK\$177,053,000 (2017: HK\$281,142,000) and basic earnings per share of 6.79 HK cents (2017: 10.78 HK cents).

The decrease in the results for the year under review was principally attributable to a reduction in the share of the profit of an associate of the Group. The associate is engaged in property development and investment in Shanghai and the Group shared from such associate a net profit of HK\$47,299,000 for the year under review (2017: HK\$177,992,000).

On the other hand, there was a slight increase in the gain generated from securities trading and investment business of the Group in Hong Kong and Shanghai. In the year 2018, the Group received dividends income of HK\$100,172,000 (2017: HK\$86,000,000) from its long-term equity investments and recorded a net gain on its trading securities investments of HK\$7,497,000 (2017: HK\$7,388,000).

Furthermore, the Group recorded an increase in gross profit for the year ended 31st December, 2018 to HK\$35,662,000 (2017: HK\$1,871,000) owing to completion of sale of miscellaneous properties held for sale in Macau.

As a result, there was a decrease of approximately 37.02% in the consolidated profit after taxation attributable to the shareholders of the Company for the year 2018 as compared with that for the year 2017.

As at 31st December, 2018, the equity attributable to the shareholders of the Company was HK\$2,655,945,000 (2017: HK\$2,947,204,000) in total or approximately HK\$1.02 (2017: HK\$1.13) per share.

OPERATIONS REVIEW

Property development and investment as well as securities trading and investment were the principal activities of the Group for the year ended 31st December, 2018.

Securities trading and investment in Hong Kong and Shanghai contributed approximately 82.64% of the gross proceeds from operations of the Group and generated a segment profit of HK\$107,543,000 for the year 2018 (2017: HK\$92,975,000). The segment profit was principally attributable to dividend receipts and a realized gain on sale of trading securities investments was the secondary source.

Property development and investment in Macau and Shanghai undertaken by the Group's subsidiaries accounted for the remaining approximately 17.36% of the gross proceeds from operations of the Group for the year under review. The segment revenue was principally derived from sales and a segment profit of HK\$34,099,000 (2017: HK\$320,000) was recorded.

The share of results of the associate of the Group engaged in property development and investment in Shanghai was HK\$47,299,000 (2017: HK\$177,992,000).

Property Development and Investment

The Group is engaged in property development and investment in Macau and Shanghai.

Macau Property Portfolio

A disposal of certain miscellaneous properties held for sale in Macau by a 60%-owned subsidiary of the Company was completed in the first half of 2018. The disposal accounted for approximately 15.20% of the Group's gross proceeds from operations and a gross profit of HK\$31.96 million was recognized for the year under review. The Group now holds an investment property in Macau.

上海大道置業有限公司 (Shanghai Boulevard Real Estate Co., Limited)

Shanghai Boulevard Real Estate Co., Limited ("Boulevard Real Estate"), a 93.53%-owned subsidiary of the Company, now holds around three hundred car parking spaces in its sole residential development, namely Tomson Beautiful Space, in Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai ("Zhangjiang Park"). For the year ended 31st December, 2018, operating revenue of Boulevard Real Estate was derived solely from sale and leasing of the said car parking spaces, which accounted for approximately 2.16% of the Group's gross proceeds from operations. Taking account of its interest income, Boulevard Real Estate reported a profit before taxation of HK\$6.79 million for the year 2018 (2017: HK\$4.84 million).

Shanghai Zhangjiang Micro-electronics Port Co. Ltd.

Shanghai Zhangjiang Micro-electronics Port Co. Ltd. ("SZMP"), in which the Group holds a 37% interest in its registered capital, is principally engaged in residential, office and commercial property development and investment in Shanghai. Unlike 2017 when a considerable amount of sale proceeds of its residential development project in Fengxian District, Shanghai were recognized upon completion and delivery to the buyers, SZMP derived its revenue for the year under review mainly from leasing of the property projects in Zhangjiang Park and sale proceeds of the car parking spaces was the secondary source. As a result, for the year ended 31st December, 2018, SZMP reported a reduction in its net profit to HK\$127,835,000 (2017: HK\$481,060,000) and the Group shared a profit of HK\$47,299,000 (2017: HK\$177,992,000). In addition, the Group received dividend (net of withholding tax) of HK\$210,695,000 from SZMP in the year 2018 (2017: HK\$185,630,000).

Zhangjiang Micro-electronics Port

Seven blocks of office buildings in Zhangjiang Micro-electronics Port situated in Zhangjiang Park are retained for leasing purpose. Zhangjiang Micro-electronics Port was the principal source of revenue of SZMP for the year under review and accounted for approximately 46.14% of the turnover of SZMP. As at 31st December, 2018, the total rentable gross floor area for commercial and office purposes were approximately 90,200 square meters and approximately 95.20% were let.

Zhangjiang Tomson Garden

Of Zhangjiang Tomson Garden, a residential development project in Zhangjiang Park, SZMP retains residential gross floor area of approximately 65,400 square meters for leasing and all the residential rentable rooms were leased out as at 31st December, 2018. There were sales of one hundred-plus car parking spaces during the year under review and SZMP now holds eight hundred-plus car parking spaces for sale. This project accounted for approximately 25.54% of the turnover of SZMP for the year 2018.

Development in Fengxian District, Shanghai

SZMP has developed a residential-cum-commercial project in Fengxian District of Shanghai. After completion of the sale of all 1,244 units of the residential project, Tomson Ginkgo Garden, in 2017, SZMP now retains a commercial-cum-office building with total gross floor area of approximately 11,000 square meters for leasing. In addition, nearly four hundred car parking spaces were sold during the year under review and there are one thousand two hundred-plus car parking spaces remained for sale. This project accounted for approximately 19.12% of the turnover of SZMP.

ZJ Legend

ZJ Legend, a commercial centre in Zhangjiang Park, provides total gross floor area of approximately 26,300 square meters for leasing purpose and an occupancy rate of approximately 93.40% was recorded as at 31st December, 2018. The income generated from the commercial centre accounted for approximately 9.20% of the turnover of SZMP for the year under review. Food and beverage outlets are the principal tenants of the commercial centre, occupying approximately 53.48% of the leased area while entertainment businesses rank as the secondary tenants, taking up approximately 27.02% of the leased area.

In addition, SZMP owns a land bank in Zhangjiang Park for development of Phase 2 of the commercial centre. SZMP has been granted permission to revise its development plan of Phase 2 according to the revision of the zoning plan of north western district of Zhangjiang Park approved by the government of Pudong New Area in 2017. Under the proposed development plan, Phase 2 will be developed as a composite project for office, commercial and cultural purposes with total gross floor area of approximately 60,900 square meters subject to payment of additional land premium. SZMP is negotiating with the planning and land authorities to push forward the preparation works.

Securities Trading and Investment

The Group has held various listed securities in Hong Kong for trading and long-term investment purposes. In addition, the Group has invested through a subsidiary in Shanghai in various unlisted start-up partnerships and companies as long-term equity investments. Securities trading and investment was the principal source of both gross proceeds from operations and consolidated profit of the Group for the year under review.

Securities held for trading

All trading securities investments of the Group were listed in Hong Kong. During the year 2018, revenue derived from the securities investments held for trading accounted for approximately 37.04% of the Group's gross proceeds from operations. The revenue was attributable to gross proceeds from disposal of HK\$78,007,000 and dividend receipts of HK\$3,364,000. Hence, a total realized gain of HK\$10,364,000 was generated. After taking account of an unrealized loss on changes in fair value of HK\$2,867,000 in accordance with applicable accounting standards, a net gain on trading securities investments of HK\$7,497,000 was recorded for the year under review (2017: HK\$7,388,000).

As at 31st December, 2018, the Group had securities investments held for trading of an aggregate fair value of HK\$114,964,000, representing approximately 4.06% of the Group's total assets. Other than holding equity interests in H shares of Bank of China Limited (Stock Code: 3988) and Shanghai Industrial Holdings Limited (Stock Code: 363), there were no individual securities investments with fair value representing 1% or more of the Group's total assets.

An analysis of the performance of the trading securities investment of the Group during the year under review by industry classification is set out below:

Industry Classification	As at 31st December, 2018		For the year ended 31st December, 2018		
	Fair value	Percentage of total assets of the Group	Realized gain	Unrealized gain/(loss)	Net gain
	HK\$ '000		HK\$ '000	HK\$ '000	HK\$ '000
Real estate investment trusts	21,981	0.78%	1,878	354	2,232
Financials - Banks	61,208	2.16%	1,756	(953)	803
Conglomerates	31,775	1.12%	4,748	(2,268)	2,480
Telecommunications	–	–	1,559	–	1,559
Properties and construction	–	–	423	–	423
	<u>114,964</u>	<u>4.06%</u>	<u>10,364</u>	<u>(2,867)</u>	<u>7,497</u>

Long-term Equity Investments

As at 31st December, 2018, the Group held a 11.879% interest in the total issued shares of Tomson Group Limited ("TGL"), as a long-term investment and the fair value of such investment amounted to HK\$546,533,000, representing approximately 19.32% of the Group's total assets. TGL is a listed company in Hong Kong and is principally engaged in property development and investment as well as hospitality and leisure business in Shanghai. The Group received an interim dividend from TGL for 2017 of HK\$95,245,000 (2017: HK\$86,000,000), which accounted for approximately 43.36% of the Group's gross proceeds from operations for the year under review. Nevertheless, an unrealized loss on change in fair value of the equity investment in TGL of HK\$268.79 million was charged to the investment revaluation reserve of the Group during the year under review in accordance with the applicable accounting standards. It is expected that the equity investment in TGL will provide a steady dividend income and potential capital appreciation in the future.

In addition, Boulevard Real Estate formed a wholly-owned subsidiary in Shanghai for the purpose of investing in various unlisted start-up partnerships and companies as long-term equity investments. As at the end of the year under review, the total fair value of these investments amounted to HK\$11,036,000, representing approximately 0.39% of the Group's total assets. Dividend receipts of HK\$4,927,000 were recorded and accounted for approximately 2.24% of the Group's gross proceeds from operations for the year under review. An unrealized loss on changes in fair value of these equity investments of HK\$28.57 million was charged to the investment revaluation reserve of the Group during the year under review in accordance with applicable accounting standards.

FINANCIAL REVIEW

Liquidity, Financing and Profitability

There was no change in the Group's capital structure during the year ended 31st December, 2018 and the Group's operations and investments for the year under review were mainly funded by its cash on hand and revenue from operating and investing activities.

As at 31st December, 2018, the cash and cash equivalents of the Group amounted to HK\$1,313,034,000. During the year under review, the Group generated a net cash inflow of HK\$246,328,000 from its investing activities. After taking into account a net cash outflow of HK\$24,591,000 from its operation activities and the Company's dividend payment of HK\$117,385,000, the net cash inflow of the Group for the year ended 31st December, 2018 amounted to HK\$104,352,000 (2017: HK\$49,323,000). The increase in cash balance in 2018 was mainly attributable to receipt of a dividend respectively from SZMP, an associate of the Group, and TGL, a long-term equity investment of the Group.

The Group had no borrowing as at the end of the reporting period (2017: Nil). Of the liabilities of the Group, approximately 85.83% were payable within one year from the end of the reporting period while the balance was deferred tax liabilities related to undistributed earnings of SZMP, the Group's associate.

As at 31st December, 2018, the Group recorded a current ratio of 10.36 times (2017: 10.09 times) and a gearing ratio (being total liabilities to equity attributable to owners of the Company) of 6.21% (2017: 5.52%). There was no significant change in the current ratio while the slight increase in gearing ratio was mainly attributable to the charge of an unrealized loss on changes in fair value of long-term equity investments in the reserves of the Group.

In addition, the Group had no capital commitment in respect of expenditure on property development which had been contracted for but not provided in the financial statements for 2018 (2017: Nil).

For the year under review, the Group reported a return on equity (net profit to the average equity both attributable to owners of the Company) of 6.32% (2017: 10.20%) owing to a drop in the profit.

Charge on Assets

No asset of the Group was subject to any charge as at 31st December, 2018 (2017: Nil).

Foreign Exchange Exposure

The majority of the Group's assets and liabilities are denominated in Renminbi, and the liabilities are well covered by the assets. The depreciation in value of Renminbi may have an adverse impact on the Group's results and net asset value. In addition, all of the other assets and liabilities of the Group are denominated in either Hong Kong Dollar or Macau Pataca. Hence, the Group anticipates that the exchange risk exposure is manageable.

Contingent Liabilities

The Group had no contingent liabilities as at 31st December, 2018 (2017: Nil).

PROSPECTS

The Group will keep property development and investment as well as securities trading and investment as its principal operating activities.

Residential properties for the middle-class and commercial-cum-office properties in the Mainland are the target business segments of the Group. It is anticipated that the property development and investment business of SZMP, the Group's associate, in Shanghai will remain one of the principal sources of profit of the Group in 2019 though the revenue will be predominantly generated from rental income

It is expected that the global and Hong Kong financial markets will be noticeably uncertain in 2019 under the impact of unstable global economic and political situation and threatened and implemented trade wars between the biggest economies and trading blocs. The management will closely monitor market conditions and will remain cautious in managing the Group's securities trading and investment portfolio so as to maximize its return to the shareholders. The Group will seek out appropriate opportunities to expand its investment portfolio and will also focus on investment in high-yield listed securities for stable recurrent income and long-term capital appreciation.

The Macau government announced in December 2013 revised planning directives under the "Urban redevelopment programme of the Northern District of Taipa Area" which covers the area in which the investment property of the Group is located. The Group will continue to explore and evaluate various feasibility plans for its investment property to realize its development potential at an opportune time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December, 2018, there was no purchase, sale or redemption made by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company has reviewed the Company's corporate governance practices and considers that the Company was in compliance with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31st December, 2018 and up to the date of this annual results announcement, except that:

- (a) in contrast to Code Provision A.4.1 of the CG Code, the non-executive Directors (whether independent or not) of the Company are not appointed for a specific term. However, they are subject to retirement and re-election at least once every three years at annual general meetings of the Company pursuant to the Articles of Association of the Company;
- (b) in accordance with the Articles of Association of the Company, any Director of the Company appointed by the Board to fill a casual vacancy shall hold office until the next following annual general meeting of the Company instead of being subject to election by shareholders at the first general meeting of the Company after his/her appointment as stipulated in Code Provision A.4.2 of the CG Code. Such arrangement not only complies with Appendix 3 to the Listing Rules but also streamlines the mechanism of re-election of Directors so that both new Directors appointed by the Board (either for filling a casual vacancy or as an additional member) and existing Directors retiring by rotation shall be subject to re-election at the annual general meeting for the relevant year. Furthermore, general meetings other than annual general meetings will be reserved for considering and approving notifiable/connected transactions or other corporate actions under the Listing Rules only, which should enhance efficiency in procedures for corporate matters;
- (c) the Company has not established a nomination committee comprising a majority of independent non-executive Directors pursuant to Code Provision A.5.1 of the CG Code. This is because when identifying individuals of appropriate calibre and qualification to be Board members and when assessing the independence of independent non-executive Directors, it is necessary to have a thorough understanding of the structure, business strategy and daily operation of the Company. The participation of executive Directors during the process is therefore indispensable. Accordingly, the Board as a whole remains responsible for reviewing its own structure, size and composition annually, and also for considering the appointment of Directors and nomination for re-election as well as assessing the independence of independent non-executive Directors; and
- (d) the Code Provision F.1.1 of the CG Code was not fully complied until the Company Secretary of the Company, who has day-to-day involvement and knowledge of the Company's affairs, has been in the employment with the Company since March 2018.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2018

This annual results announcement is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and on the Company's website at <http://www.rivera.com.hk>. The Annual Report 2018 of the Company will be available on both websites and despatched to the shareholders of the Company by the end of April 2019.

On behalf of the Board of
RIVERA (HOLDINGS) LIMITED
Liu Ying
Non-Executive Chairman

Hong Kong, 15th March, 2019

As at the date of this announcement, there are nine members of the Board of the Company comprising a non-executive Chairman who is Madam Liu Ying; four executive Directors who are Madam Hsu Feng, Mr Albert Tong, Mr Wang Fahua and Madam Fan Suxia; one non-executive Director who is Mr Sung Tze-Chun; and three independent non-executive Directors who are Mr Zhang Hong Bin, Mr Sit Hing Kwok and Mr Hung Wai Lung Ricky.