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Tomson Group

RIVERA (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 281)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2020

The board of Directors (the “Board”) of Rivera (Holdings) Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th June, 2020 together with the comparative figures of 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Unaudited)

	<i>Notes</i>	Six months ended 30th June	
		2020	2019
		HK\$'000	HK\$'000
Gross proceeds from operations	4&5	84,228	108,637
Revenue	4&5	600	452
Cost of sales		(101)	(114)
Gross profit		499	338
Dividends from equity instruments at fair value through other comprehensive income		27,203	44,514
Other income		9,371	10,957
Selling expenses		(6)	(3)
Administrative expenses		(6,130)	(6,799)
Other losses	6	(11,611)	(81)
Net (loss) gain on financial assets at fair value through profit or loss		(47,163)	9,754
Share of results of an associate		32,234	29,753
Profit before taxation	7	4,397	88,433
Taxation	8	(2,040)	(1,746)
Profit for the period		2,357	86,687
Profit (loss) for the period attributable to:			
Owners of the Company		2,996	86,640
Non-controlling interests		(639)	47
		2,357	86,687
Earnings per share (HK cents)	10		
– Basic		0.11	3.32

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (Unaudited)**

	Six months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Profit for the period	<u>2,357</u>	<u>86,687</u>
Other comprehensive (expense) income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation of:		
– other foreign operations	(2,749)	(364)
– an associate	(15,344)	(2,323)
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income	<u>(58,169)</u>	<u>9,616</u>
Other comprehensive (expense) income for the period	<u>(76,262)</u>	<u>6,929</u>
Total comprehensive (expense) income for the period	<u>(73,905)</u>	<u>93,616</u>
 Total comprehensive (expense) income attributable to:		
Owners of the Company	(73,004)	93,611
Non-controlling interests	(901)	5
	<u>(73,905)</u>	<u>93,616</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	(Unaudited) 30th June 2020 HK\$'000	(Audited) 31st December 2019 HK\$'000
Non-current Assets			
Property, plant and equipment		3,234	3,593
Investment property		28,563	28,563
Interest in an associate		756,140	739,250
Equity instruments at fair value through other comprehensive income	11	431,931	490,319
		1,219,868	1,261,725
Current Assets			
Properties held for sale		14,631	15,045
Financial assets at fair value through profit or loss	12	254,967	222,659
Other receivables and prepayments		7,220	16,764
Tax recoverable		16,655	17,348
Cash and bank balances		931,917	1,088,873
		1,225,390	1,360,689
Current Liability			
Other payables and accruals		10,855	11,376
		1,214,535	1,349,313
Net Current Assets		1,214,535	1,349,313
Total Assets less Current Liabilities		2,434,403	2,611,038
Capital and Reserves			
Share capital		442,244	442,244
Reserves		1,959,703	2,137,049
		2,401,947	2,579,293
Equity attributable to owners of the Company		7,647	8,548
Non-controlling interests			
Total Equity		2,409,594	2,587,841
Non-current Liability			
Deferred tax liabilities		24,809	23,197
		2,434,403	2,611,038

Notes:

1. The condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Board of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The financial information relating to the year ended 31st December, 2019 included in this interim results announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year 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 Hong Kong Companies Ordinance (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31st December, 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was 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. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31st December, 2019.

In the current interim period, the Group has applied “the Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1st January, 2020 for the preparation of the Group’s condensed consolidated financial statements.

The application of “the Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

	Six months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Leasing of properties	287	123
Sales of properties	313	329
REVENUE	600	452
Gross proceeds from disposal of financial assets at fair value through profit or loss (“FVTPL”)	52,824	60,760
Dividends from equity instruments at fair value through other comprehensive income (“FVTOCI”)	27,203	44,514
Dividends from financial assets at FVTPL	3,601	2,911
GROSS PROCEEDS FROM OPERATIONS	84,228	108,637

5. SEGMENT INFORMATION

The Group’s operating and reportable segments, based on information reported to the 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 FVTPL and equity instruments at FVTOCI

	Property Development and Investment HK\$'000	Securities Trading and Investment HK\$'000	Total HK\$'000
<u>Six months ended 30th June, 2020</u>			
Gross proceeds from operations			
Segment revenue	600	83,628	84,228
Results			
Segment loss	(187)	(19,982)	(20,169)
Other income			9,371
Unallocated expenses			(17,039)
Share of results of an associate			32,234
Profit before taxation			4,397

5. **SEGMENT INFORMATION** - continued

	Property Development and Investment HK\$'000	Securities Trading and Investment HK\$'000	Total HK\$'000
<u>Six months ended 30th June, 2019</u>			
Gross proceeds from operations			
Segment revenue	<u>452</u>	<u>108,185</u>	<u>108,637</u>
Results			
Segment (loss) profit	<u>(482)</u>	<u>54,252</u>	53,770
Other income			10,957
Unallocated expenses			(6,047)
Share of results of an associate			29,753
Profit before taxation			<u>88,433</u>

Except for the presentation of segment revenue which is different from the reported revenue in the condensed consolidated statement of profit or loss, the accounting policies of the reportable segments are the same as the Group's accounting policies. For the details of reconciliation of segment revenue to the Group's revenue of HK\$600,000 (2019: HK\$452,000), please refer to Note 4. Segment (loss) profit represents the results of each segment without allocation of central administration costs including depreciation of property, plant and equipment for corporate function, impairment loss on other receivable, Directors' salaries, share of results of an associate and other income. This is the measure reported to the executive Directors of the Company for the purposes of resources allocation and performance assessment.

6. **OTHER LOSSES**

	Six months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Exchange loss	658	81
Impairment loss on other receivable	10,953	–
	<u>11,611</u>	<u>81</u>

During the current interim period, the Group provided impairment allowance of HK\$10,953,000 to an individual debtor under lifetime expected credit loss since it is becoming probable that the debtor will not be able to repay the outstanding balances.

7. PROFIT BEFORE TAXATION

	Six months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Profit before taxation has been arrived at		
after charging:		
Depreciation of property, plant and equipment	357	433
and after crediting:		
Interest income	<u>9,238</u>	<u>10,898</u>

8. TAXATION

	Six months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Current tax:		
The Mainland of the People's Republic of China (the "Mainland China") Enterprise Income Tax	382	238
Mainland China Land Appreciation Tax	46	13
	<u>428</u>	<u>251</u>
Deferred tax charge	1,612	1,495
Total tax charge for the period	<u>2,040</u>	<u>1,746</u>

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%). No provision for Hong Kong Profits Tax has been made since there is no assessable profit for the period (2019: the assessable profit was wholly absorbed by tax losses brought forward).

The income tax rate of the subsidiaries in the Mainland China for the six months ended 30th June, 2020 is 25% (2019: 25%).

9. DIVIDEND

The Directors of the Company do not recommend payment of an interim dividend for the period under review (2019: Nil).

In June 2020, a dividend of HK\$0.04 per share amounting to approximately HK\$104,342,000 in aggregate was paid to shareholders as the final dividend for the year ended 31st December, 2019.

In June 2019, a dividend of HK\$0.04 per share amounting to approximately HK\$104,342,000 in aggregate was paid to shareholders as the final dividend for the year ended 31st December, 2018.

10. 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 six months ended 30th June, 2020 of HK\$2,996,000 (2019: HK\$86,640,000) and on 2,608,546,511 shares in issue during both periods.

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

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The investments as at 30th June, 2020 and 31st December, 2019 comprise:

	30th June 2020 HK\$'000	31st December 2019 HK\$'000
Equity instruments at FVTOCI		
Listed equity investment	422,883	479,762
Unlisted equity investments	9,048	10,557
	<u>431,931</u>	<u>490,319</u>

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The analysis of financial assets at FVTPL listed in Hong Kong as at 30th June, 2020 and 31st December, 2019 by industry classification is set out below:

	30th June 2020 HK\$'000	31st December 2019 HK\$'000
Real estate investment trusts	18,125	18,367
Conglomerates	65,334	47,865
Financials	168,978	153,253
Consumer discretionary	2,530	3,174
	<u>254,967</u>	<u>222,659</u>

GENERAL OVERVIEW

For the six months ended 30th June, 2020, the Group reported a consolidated profit after taxation attributable to shareholders of the Company of HK\$2,996,000 (2019: HK\$86,640,000), a substantial decrease of approximately 96.54% as compared with that for the corresponding period in 2019. Basic earnings per share was 0.11 HK cent (2019: 3.32 HK cents).

The decrease in results of the Group for the period under review was mainly attributable to a significant drop in the results of the securities trading and investment of the Group in Hong Kong. As a result of an unrealized loss on changes in fair value, a net loss on the trading securities investments of HK\$47,163,000 was recorded while there was a net gain of HK\$9,754,000 in the corresponding period in 2019. In addition, the dividend income received from the long-term equity investments was reduced to HK\$27,203,000 (2019: HK\$44,514,000). Hence, the Group recorded an operation loss of HK\$27,837,000 for the first half of 2020 (2019: profit of HK\$58,680,000) notwithstanding that there was an improvement in the results of the property development and investment of the Group in Shanghai and the gross profit of such business amounted to HK\$499,000 (2019: HK\$338,000).

Nevertheless, the Group's share of the profit of an associate of the Group, which is engaged in property development and investment in Shanghai, increased to HK\$32,234,000 for the period under review (2019: HK\$29,753,000).

As at 30th June, 2020, the equity attributable to the shareholders of the Company was HK\$2,401,947,000 (31st December, 2019: HK\$2,579,293,000) in total or approximately HK\$0.92 (31st December, 2019: HK\$0.99) per share.

The Board does not recommend payment of an interim dividend for the six months ended 30th June, 2020 (2019: Nil).

OPERATIONS REVIEW

The principal activities of the Group for the first half of 2020 were property development and investment as well as securities trading and investment.

The securities trading and investment in Hong Kong contributed approximately 99.29% of the gross proceeds from operations of the Group but reported a segment loss of HK\$19,982,000 (2019: profit of HK\$54,252,000). The segment revenue was principally attributable to the gross proceeds from disposal of the trading securities investments while dividend receipts were the secondary source. The segment loss was mainly resulted from recording an unrealized loss on changes in fair value of the trading securities investments in the results of the Group for the period under review according to the accounting standards adopted by the Group owing to fluctuation of the global financial market.

Property development and investment in Shanghai undertaken by the Group's subsidiaries accounted for the remaining approximately 0.71% of the gross proceeds from operations of the Group for the period under review. The segment revenue was solely derived from sales and leasing of car parking spaces and a segment loss of HK\$187,000 (2019: HK\$482,000) was recorded.

The Group's share of profit of the associate engaged in property development and investment in Shanghai was HK\$32,234,000 (2019: HK\$29,753,000).

Property Development and Investment

Apart from the property development and investment business in Shanghai, the Group holds an investment property in Macau. No revenue was generated from the property portfolio in Macau during the period under review.

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

As reported in the annual report of the Company for 2019, Shanghai Boulevard Real Estate Co., Limited (“Boulevard Real Estate”), a 93.53%-owned subsidiary of the Company, 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 period under review, operating revenue of Boulevard Real Estate was derived solely from sales and leasing of the said car parking spaces, which accounted for approximately 0.71% of the Group’s gross proceeds from operations. Boulevard Real Estate reported a profit before taxation of HK\$1.58 million for the six months ended 30th June, 2020 (2019: HK\$0.99 million) after taking account of its interest income.

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. For the period under review, SZMP derived its revenue mainly from leasing of the property projects in Zhangjiang Park and sale proceeds of the car parking spaces were the secondary source. In view of the impact of COVID-19, SZMP has provided a short-term rent concessions plan for certain specified tenants, especially the micro, small and medium enterprises, to alleviate their burden. There was a drop in revenue for the period under review. However, taking account of overprovision of enterprise income tax after settlement of land appreciation tax of a subsidiary of SZMP, the Group shared a net profit of SZMP of HK\$32,234,000 for the first half of 2020 (2019: HK\$29,753,000).

The carrying amount of the interest in SZMP represented approximately 30.92% of the Group’s total assets as at 30th June, 2020. The interest in SZMP will remain as the Group’s principal long-term strategic investment in Shanghai.

Zhangjiang Micro-electronics Port situated in Zhangjiang Park was the principal source of revenue of SZMP for the period under review and accounted for approximately 59.08% of the turnover of SZMP. SZMP retains seven blocks of office buildings in Zhangjiang Micro-electronics Port for leasing purpose and offers total rentable gross floor area for commercial and office purposes of approximately 90,200 square meters. As at 30th June, 2020, approximately 84% of the said total rental gross floor area were let.

Concerning 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 30th June, 2020. Sale proceeds of forty car parking spaces were recognized in the first half of 2020 and SZMP now holds seven hundred-plus car parking spaces for sale. This project accounted for approximately 29.81% of the turnover of SZMP for the period under review.

ZJ Legend, a commercial centre in Zhangjiang Park, provides total gross floor area of approximately 26,300 square meters for leasing purpose. Under the impact of COVID-19, the occupancy rate dropped to approximately 74% as at 30th June, 2020. Food and beverage outlets were the principal tenants of the commercial centre, occupying approximately 49% of the leased area while entertainment businesses ranked as the secondary tenants, taking up approximately 30% of the leased area. The income generated from the commercial centre accounted for approximately 10.72% of the turnover of SZMP for the period under review. In addition, SZMP has been granted permission to revise its development plan of Phase 2 of the commercial centre according to the revision of the zoning plan of north western district of Zhangjiang Park approved by the municipal government of Shanghai 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 has been in regular contact with government authorities and is monitoring policy development in order to push forward the preparation works.

SZMP has developed a residential-cum-commercial project in Fengxian District of Shanghai. During the period under review, this project derived its income solely from sales and leasing of car parking spaces and accounted for approximately 0.39% of the turnover of SZMP. SZMP now holds one thousand two hundred-plus car parking spaces for sale. SZMP also retains a commercial-cum-office building with total gross floor area of approximately 11,000 square meters and is following up the leasing arrangement of such property.

Securities Trading and Investment

The Group holds 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 gross proceeds from operations of the Group for the period under review.

Securities held for trading

All trading securities investments of the Group were listed in Hong Kong. During the first half of 2020, revenue derived from the securities investments held for trading accounted for approximately 66.99% of the Group's gross proceeds from operations. The revenue was attributable to gross proceeds from disposal of HK\$52,824,000 and dividend receipts of HK\$3,601,000. Hence, a net realized gain of HK\$4,210,000 (2019: HK\$6,073,000) was generated. After taking account of an unrealized loss on changes in fair value of HK\$51,373,000 (2019: gain of HK\$3,681,000) in accordance with applicable accounting standards, a net loss on trading securities investments of HK\$47,163,000 was recorded for the period under review (2019: gain of HK\$9,754,000).

As at 30th June, 2020, the Group had securities investments held for trading of an aggregate fair value of HK\$254,967,000, representing approximately 10.43% of the total assets of the Group. An analysis of the performance of the trading securities investments of the Group during the period under review by industry classification is set out below:

Industry Classification	As at 30th June, 2020		For the six months ended 30th June, 2020		
	Fair value	Percentage of total assets of the Group	Realized gain (loss)	Unrealized loss	Net gain (loss)
	HK\$'000		HK\$'000	HK\$'000	HK\$'000
Real estate investment trusts	18,125	0.741%	751	(7,948)	(7,197)
Conglomerates	65,334	2.672%	2,850	(14,580)	(11,730)
Financials - Banks	168,978	6.910%	(1,125)	(28,201)	(29,326)
Consumer discretionary	2,530	0.104%	–	(644)	(644)
Telecommunications	–	–	578	–	578
Properties and construction	–	–	1,156	–	1,156
	<u>254,967</u>	<u>10.427%</u>	<u>4,210</u>	<u>(51,373)</u>	<u>(47,163)</u>

There were no individual trading securities investments with fair value representing 5% or more of the Group's total assets as at the end of the period under review other than the following equity investment and an analysis of the performance of such investment during the period under review is set out below:

Equities	As at 30th June, 2020		For the six months ended 30th June, 2020		
	Fair value	Percentage of total assets of the Group	Realized gain	Unrealized loss	Net loss
	HK\$'000		HK\$'000	HK\$'000	HK\$'000
Bank of China Limited - H shares (Stock Code: 3988)	124,440	5.089%	–	(19,945)	(19,945)

As at 30th June, 2020, the Group held 43,359,000 H shares, representing approximately 0.05% of the total H shares, of Bank of China Limited, at the investment cost of HK\$140.38 million. During the period under review, the Group did not have any realized gain as it neither made any disposal nor received any dividend income. The Group received final dividend for 2019 of HK\$8.17 million from the bank in August 2020. Bank of China Limited is a commercial bank based in the Mainland China and is mainly engaged in the provision of banking and related financial services, including commercial banking business, investment banking business, insurance business, direct investments and investment management businesses, fund management business and aircraft leasing business. The Group intends to retain its investment in H shares of Bank of China Limited to enjoy a stable dividend income and long-term capital appreciation.

Long-term Equity Investments

As at 30th June, 2020, the Group held 247,300,000 shares, representing 12.547% interest in the total issued shares, of Tomson Group Limited ("TGL", Stock Code: 258) as a long-term equity investment and the fair value of such investment amounted to HK\$422,883,000, representing approximately 17.29% of the Group's total assets. The investment cost amounted to HK\$498,333,000. 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 2019 of HK\$27,203,000 in June 2020 (2019: HK\$44,514,000), which accounted for approximately 32.30% of the Group's gross proceeds from operations for the period under review and represented the realized gain on such investment. Nevertheless, an unrealized loss on change in fair value of the equity investment in TGL of HK\$56.88 million (2019: gain of HK\$9.89 million) was charged to the investment revaluation reserve of the Group during the period under review in accordance with applicable accounting standards. The Group will continue to keep the equity investment in TGL as a long-term investment and it is expected that such investment will provide a steady dividend income and potential capital appreciation in the future.

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 period under review, the total fair value of these investments amounted to HK\$9,048,000, representing approximately 0.37% of the Group's total assets. During the period under review, no revenue has been generated (2019: Nil) and an unrealized loss on changes in fair value of these equity investments of HK\$1.21 million (2019: HK\$0.26 million) was charged to the investment revaluation reserve of the Group in accordance with applicable accounting standards.

FINANCIAL REVIEW

Liquidity and Financing

There was no change in the Group's capital structure during the six months ended 30th June, 2020. The Group's operations and investments for the period under review were mainly funded by its cash on hand and revenue from operating and investing activities.

At the end of the reporting period, the cash and cash equivalents of the Group amounted to HK\$931,917,000. During the period under review, the Group's investing activities generated a net cash inflow of HK\$35,970,000. After taking account of a net cash outflow of HK\$86,875,000 from the Group's operating activities and the Company's dividend payment of HK\$104,342,000, the net cash outflow of the Group for the period ended 30th June, 2020 amounted to HK\$155,247,000 (2019: HK\$256,509,000). The reduction in cash balance during the period under review was mainly attributable to the dividend payment of the Company.

The Group had no borrowings as at 30th June, 2020 (31st December, 2019: Nil). Of the liabilities of the Group, approximately 30.44% 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.

The Group provided an impairment loss on other receivable of HK\$10,953,000 during the period under review (2019: Nil) as it is probable that the debtor may not be able to repay the outstanding amount but the Group will take all feasible legal action to enforce the repayment.

As at 30th June, 2020, the Group recorded a current ratio of 112.89 times (31st December, 2019: 119.61 times) and a gearing ratio (being total liabilities to equity attributable to owners of the Company) of 1.48% (31st December, 2019: 1.34%). There was no significant change in the gearing ratio while the drop in the current ratio was mainly attributable to the payment of final dividend for the year 2019 of the Company in June 2020.

In addition, the Group had no capital commitments in respect of expenditure on property development at the end of the period under review (31st December, 2019: Nil).

Charge on Assets

No asset of the Group was subject to any charge as at 30th June, 2020 (31st December, 2019: Nil).

Foreign Exchange Exposure

Other than Hong Kong Dollar being the Group's functional currency, the transactions in the Mainland China and Macau are made in Renminbi and Macau Pataca respectively. The Group's assets and liabilities are predominantly denominated in Hong Kong Dollar and Renminbi respectively. Since the liabilities are well covered by the assets, though the depreciation in value of Renminbi may have an adverse impact on the Group's results and net asset value, the Group anticipates that the exchange risk exposure is manageable.

Contingent Liabilities

The Group had no contingent liabilities as at 30th June, 2020 (31st December, 2019: Nil).

PROSPECTS

The Group will keep property development and investment as well as securities trading and investment as its principal operating activities. The Group is actively contemplating appropriate and sustainable property investments to expand its revenue base and investment portfolio. Under the impact of the outbreak of COVID-19 worldwide, there may be difficulties for the Group to conduct due diligence in other regions, hence it will focus on the real estate market in Hong Kong at this stage.

Regarding the property development and investment business in the Mainland China, residential properties for the middle-class and commercial-cum-office properties 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 2020 and the revenue will be predominantly generated from rental income. However, the results of SZMP for 2020 may be adversely affected by the outbreak of COVID-19 in terms of the rental income and the occupancy rate and the management would endeavour to alleviate the impact.

It is expected that the global and Hong Kong financial markets will be noticeably fluctuant in 2020 under the increasingly unstable global political and economic conditions and the impact of the outbreak of COVID-19 worldwide. The management will closely monitor market conditions and will remain cautious in managing the Group's securities trading and investment portfolio in order to maximize its return to the shareholders. The Group will focus on investment in listed securities with high yield and liquidity 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.

The outbreak of COVID-19 worldwide has created disruptions and uncertainties in economic and business activities of populations in the countries affected and it is not expected to be ended shortly. The extent to which national and global economies and financial markets would be adversely impacted would be difficult to predict with any accuracy at this stage. The Group will continue to monitor the situation closely and any financial impact on the operations of the Group, should this materialise, would be reflected in the annual financial statements of the Group for the year 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June, 2020, 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 considers that the Company has complied 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") throughout the period of six months ended 30th June, 2020 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; and
- (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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE, 2020

This interim results announcement is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at <https://www.hkexnews.hk> and on the Company's website at <http://www.rivera.com.hk>. The Interim Report 2020 of the Company will be available on both websites and despatched to the shareholders of the Company by the end of September 2020.

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

Hong Kong, 18th August, 2020

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 Tong Chi Kar Charles and Mr Zhao Haisheng; one non-executive Director who is Mr Sung Tze-Chun; and three independent non-executive Directors who are Mr Zhang Hong Bin, Mr Tsang Kam Chuen and Mr Ng Chi Him.