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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, 2020

The board of Directors (the “Board”) of Rivera (Holdings) Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st December, 2020 together with the comparative figures for the corresponding year of 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31st December	
		2020	2019
		HK\$’000	HK\$’000
Gross proceeds from operations	4&5	<u>109,068</u>	<u>181,421</u>
Revenue	4&5	1,657	1,556
Cost of sales		(238)	(297)
Gross profit		<u>1,419</u>	<u>1,259</u>
Dividends from equity instruments at fair value through other comprehensive income		27,203	44,514
Other income		13,593	22,717
Selling expenses		(14)	(13)
Administrative expenses		(12,822)	(13,543)
Other gains and losses	6	(8,982)	(566)
Net (loss) gain on financial assets at fair value through profit or loss		(55,950)	14,772
		<u>(35,553)</u>	<u>69,140</u>
Share of results of an associate		53,841	45,791
Profit before taxation	7	<u>18,288</u>	<u>114,931</u>
Taxation	8	(3,644)	(3,046)
Profit for the year		<u>14,644</u>	<u>111,885</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – continued

	Notes	Year ended 31st December	
		2020	2019
		HK\$'000	HK\$'000
Profit (loss) for the year attributable to:			
Owners of the Company		15,229	111,747
Non-controlling interests		(585)	138
		<u>14,644</u>	<u>111,885</u>
Earnings per share (HK cents)	10		
– Basic		<u>0.58</u>	<u>4.28</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31st December	
	2020	2019
	HK\$'000	HK\$'000
Profit for the year	14,644	111,885
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation of:		
– other foreign operations	7,087	(2,518)
– an associate	45,815	(14,676)
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value losses on equity instruments at fair value through other comprehensive income	(6,468)	(67,043)
Other comprehensive income (expense) for the year	46,434	(84,237)
Total comprehensive income for the year	<u>61,078</u>	<u>27,648</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	61,303	27,690
Non-controlling interests	(225)	(42)
	<u>61,078</u>	<u>27,648</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31st December	
		2020	2019
		HK\$'000	HK\$'000
Non-current Assets			
Property, plant and equipment		2,878	3,593
Investment property		28,563	28,563
Interest in an associate		796,476	739,250
Equity instruments at fair value through other comprehensive income	11	484,482	490,319
		<u>1,312,399</u>	<u>1,261,725</u>
Current Assets			
Properties held for sale		15,698	15,045
Financial assets at fair value through profit or loss	12	225,909	222,659
Other receivables and prepayments		4,288	16,764
Tax recoverable		17,499	17,348
Cash and bank balances		1,004,355	1,088,873
		<u>1,267,749</u>	<u>1,360,689</u>
Current Liability			
Other payables and accruals		11,803	11,376
		<u>11,803</u>	<u>11,376</u>
Net Current Assets		<u>1,255,946</u>	<u>1,349,313</u>
Total Assets less Current Liability		<u><u>2,568,345</u></u>	<u><u>2,611,038</u></u>
Capital and Reserves			
Share capital		442,244	442,244
Reserves		2,094,010	2,137,049
		<u>2,536,254</u>	<u>2,579,293</u>
Equity attributable to owners of the Company		2,536,254	2,579,293
Non-controlling interests		8,323	8,548
Total Equity		<u>2,544,577</u>	<u>2,587,841</u>
Non-current Liability			
Deferred tax liabilities		23,768	23,197
		<u>23,768</u>	<u>23,197</u>
		<u><u>2,568,345</u></u>	<u><u>2,611,038</u></u>

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, 2020.

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, 2020 and 2019 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, 2019 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, 2020 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”)

In the current year, the Group has applied the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the following 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 consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the consolidated financial statements of the Group for current or prior accounting periods.

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

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1st January, 2023.

² Effective for annual periods beginning on or after 1st January, 2022.

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

⁴ Effective for annual periods beginning on or after 1st June, 2020.

⁵ Effective for annual periods beginning on or after 1st January, 2021.

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

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

	2020 HK\$'000	2019 HK\$'000
Sales of properties	821	969
Leasing of properties	836	587
REVENUE	1,657	1,556
Gross proceeds from disposal of financial assets at fair value through profit of loss (“FVTPL”)	63,880	127,924
Dividends income from equity instruments at fair value through other comprehensive income (“FVTOCI”)	27,203	44,514
Dividends income from financial assets at FVTPL	16,328	7,427
GROSS PROCEEDS FROM OPERATIONS	109,068	181,421

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 FVTPL and equity instruments at FVTOCI

	Property Development and Investment HK\$'000	Securities Trading and Investment HK\$'000	Total HK\$'000
<u>2020</u>			
Gross proceeds from operations – segment revenue	<u>1,657</u>	<u>107,411</u>	<u>109,068</u>
Results			
Segment losses	<u>(462)</u>	<u>(28,825)</u>	(29,287)
Other income			13,593
Unallocated expenses			(19,859)
Share of results of an associate			53,841
			<hr/>
Profit before taxation			<u>18,288</u>
 <u>2019</u>			
Gross proceeds from operations – segment revenue	<u>1,556</u>	<u>179,865</u>	<u>181,421</u>
Results			
Segment (loss) profit	<u>(612)</u>	<u>59,264</u>	58,652
Other income			22,717
Unallocated expenses			(12,229)
Share of results of an associate			45,791
			<hr/>
Profit before taxation			<u>114,931</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\$1,657,000 (2019: HK\$1,556,000), please refer to Note 4. Segment (loss) 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:

	2020 HK\$'000	2019 HK\$'000
Sales of properties	821	969
Leasing of properties	836	587
	<u>1,657</u>	<u>1,556</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 equity instruments at FVTOCI) 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>	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Macau	–	–	31,440	32,154
The Mainland China	1,657	1,556	796,477	739,252
	<u>1,657</u>	<u>1,556</u>	<u>827,917</u>	<u>771,406</u>

6. OTHER GAINS AND LOSSES

	2020 HK\$'000	2019 HK\$'000
Exchange (gain) loss	(1,971)	566
Impairment loss on other receivable	10,953	–
	<u>8,982</u>	<u>566</u>

During the year ended 31st December, 2020, 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 balance.

7. PROFIT BEFORE TAXATION

	2020 HK\$'000	2019 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	714	865
Written-off of property, plant and equipment	<u>1</u>	<u>–</u>

8. TAXATION

	2020 HK\$'000	2019 HK\$'000
Current tax:		
Mainland China Enterprise Income Tax (“EIT”)	856	827
Mainland China Land Appreciation Tax (“LAT”)	96	82
Mainland China Withholding Tax	2,121	2,364
Overprovision in prior years:		
Macau Complementary Tax	–	(72)
Mainland China EIT (<i>Note</i>)	–	(17,540)
	<u>3,073</u>	<u>(14,339)</u>
Deferred tax charge	571	17,385
	<u>3,644</u>	<u>3,046</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 both years.

The Macau Complementary Tax is levied at 12% (2019: 12%) on the taxable income for the year. No provision for Macau Complementary Tax has been made since there is no assessable profit for both years.

The income tax rate of the subsidiaries in the Mainland China for the year ended 31st December, 2020 is 25% (2019: 25%).

Note:

During the year ended 31st December, 2019, a subsidiary of the Group cleared and settled LAT with local tax authorities and the subsidiary became eligible to claim related deduction for EIT recognised in respective years. As a result, the related deferred tax asset of HK\$17,540,000 arising from the LAT was charged to profit or loss. The same amount of overprovision of EIT in prior years was credited to profit or loss.

9. DIVIDEND

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.

The Directors do not recommend payment of a final dividend for the year ended 31st December, 2020 (2019: HK\$0.04 per share).

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 year ended 31st December, 2020 of HK\$15,229,000 (2019: HK\$111,747,000) and on the number of 2,608,546,511 (2019: 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.

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	2020 HK\$'000	2019 HK\$'000
Equity instruments at FVTOCI (<i>Note (i)</i>)		
– Listed equity investment (<i>Note (ii)</i>)	474,816	479,762
– Unlisted equity investments (<i>Note (iii)</i>)	9,666	10,557
	<hr/>	<hr/>
	484,482	490,319
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) 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.
- (ii) The listed equity investment represents 12.547% (2019: 12.547%) of the ordinary shares of Tomson Group Limited (“TGL”) 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. As at 31st December, 2020, the investment cost of the equity investment in TGL amounted to approximately HK\$498,333,000 (2019: HK\$498,333,000).
- (iii) 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.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL represent securities listed in Hong Kong.

An analysis of financial assets at FVTPL as at 31st December, 2020 and 2019 by industry classification is set out below:

	2020 HK\$'000	2019 HK\$'000
Real estate investment trusts	16,514	18,367
Financials	147,429	153,253
Conglomerates	58,629	47,865
Consumer discretionary	2,438	3,174
Properties and construction	899	–
	<hr/>	<hr/>
	225,909	222,659
	<hr/> <hr/>	<hr/> <hr/>

FINAL DIVIDEND

The Board of the Company does not recommend payment of a final dividend for the year ended 31st December, 2020 (2019: HK\$0.04 per share).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled for Wednesday, 30th June, 2021 (the “2021 AGM”). For determining the shareholders’ entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Thursday, 24th June, 2021 to Wednesday, 30th June, 2021, 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 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 23rd June, 2021 for registration.

GENERAL OVERVIEW

For the year ended 31st December, 2020, the Group reported a consolidated profit after taxation attributable to the shareholders of the Company of HK\$15,229,000 (2019: HK\$111,747,000) and basic earnings per share of 0.58 HK cents (2019: 4.28 HK cents).

The Group recorded an improvement 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\$53,841,000 for the year under review, an increase of approximately 17.58% as compared with that of HK\$45,791,000 for the year 2019.

However, an operating loss of HK\$35,553,000 was reported for the year ended 31st December, 2020 (2019: profit of HK\$69,140,000). It was mainly attributable to a significant drop in the results of the securities trading and investment business of the Group in Hong Kong. As a result of an unrealized loss on changes in fair value, it was recorded a net loss on the trading securities investments of

HK\$55,950,000 (2019: gain of HK\$14,772,000). The dividends received from the long-term equity investments of the Group were reduced to HK\$27,203,000 (2019: HK\$44,514,000). In addition, there was a segment loss of the Group's property development and investment business in Shanghai of HK\$462,000 (2019: HK\$612,000) though there was a slight improvement in the revenue and gross profit.

As a result, there was a decrease of approximately 86.37% in the consolidated profit after taxation attributable to the shareholders of the Company for the year 2020 as compared with that for the year 2019.

As at 31st December, 2020, the equity attributable to the shareholders of the Company was HK\$2,536,254,000 (2019: HK\$2,579,293,000) in total or approximately HK\$0.97 (2019: HK\$0.99) 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, 2020.

The securities trading and investment in Hong Kong contributed approximately 98.48% of the gross proceeds from operations of the Group for the year 2020 and reported a segment loss of HK\$28,825,000 (2019: profit of HK\$59,264,000). 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 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 1.52% of the gross proceeds from operations of the Group for the year under review. The segment revenue was derived from sales and leasing of car parking spaces and a segment loss of HK\$462,000 (2019: HK\$612,000) was recorded.

The share of results of the associate of the Group engaged in property development and investment in Shanghai was HK\$53,841,000 (2019: HK\$45,791,000).

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 year under review.

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, 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, 2020, operating revenue of Boulevard Real Estate was derived solely from sales and leasing of the said car parking spaces, which accounted for approximately 1.52% of the Group's gross proceeds from operations. Boulevard Real Estate reported a profit before taxation of HK\$3.52 million for the year 2020 (2019: HK\$3.41 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 37.020% interests in its registered capital, is principally engaged in residential, office and commercial property development and investment in Shanghai. 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 were the secondary source. To alleviate the burden of the tenants under the impact of the outbreak of COVID-19, SZMP offered a rental concessions plan in the first half of 2020 for certain specified tenants of its office buildings and the commercial centre, especially the micro, small and medium enterprises. Nevertheless, for the year ended 31st December, 2020, SZMP reported an increase in its net profit to HK\$145,517,000 (2019: HK\$123,760,000) and the Group shared a profit of HK\$53,841,000 (2019: HK\$45,791,000). In addition, the Group received dividend (net of withholding tax) of HK\$40,309,000 from SZMP in the year 2020 (2019: HK\$44,907,000).

The carrying amount of the interest in SZMP of HK\$796,476,000 represented approximately 30.87% of the Group’s total assets as at 31st December, 2020. Save as the proposed disposal of 10.503% interests in SZMP by the Group to Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (“Zhangjiang Hi-Tech”), which is a company established and listed in the Mainland China and currently holds 49.497% interests in SZMP, stated in the section headed “Privatisation Proposal” below, the Group will continue to retain its equity investment in SZMP as its principal long-term strategic investment in Shanghai and SZMP will remain an associate of the Group should the said disposal materialise.

Zhangjiang Micro-electronics Port

Seven blocks of office buildings in Zhangjiang Micro-electronics Port situated in Zhangjiang Park are retained for leasing purpose. This project was the principal source of revenue of SZMP for the year under review and accounted for approximately 49.52% of the turnover of SZMP. It offers a total rentable gross floor area of approximately 90,200 square meters for commercial and office purposes and approximately 82% were let as at 31st December, 2020.

Zhangjiang Tomson Garden

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 31st December, 2020. Around two hundred-plus car parking spaces were sold during the year under review and SZMP now holds five hundred-plus car parking spaces for sale. This project accounted for approximately 39.89% of the turnover of SZMP for the year 2020.

ZJ Legend

ZJ Legend, a commercial centre in Zhangjiang Park, provides a total gross floor area of approximately 26,300 square meters for leasing purpose and an occupancy rate of approximately 82% was recorded as at 31st December, 2020. The income generated from the commercial centre accounted for approximately 9.97% of the turnover of SZMP for the year under review. Food and beverage outlets were the principal tenants of the commercial centre, occupying approximately 51% of the leased area while entertainment businesses ranked as the secondary tenants, taking up approximately 28% 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 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 a total gross floor area of approximately 60,900 square meters subject to payment of additional land premium. SZMP has been in regular contact with the government authorities and is monitoring policy development so as to push ahead with the preparation works.

If the aforesaid proposed disposal of 10.503% interests in SZMP by the Group to Zhangjiang Hi-Tech is approved by the shareholders of the Company, SZMP will become majority-owned by Zhangjiang Hi-Tech. It is expected that SZMP will enjoy the preferential policies of the local government to facilitate and promote the redevelopment of ZJ Legend (including the development of the Phase 2 thereof).

Development in Fengxian District, Shanghai

SZMP has developed a residential-cum-commercial project in Fengxian District of Shanghai. All the residential units of Tomson Ginkgo Garden have been sold and SZMP now retains a commercial-cum-office building with a total gross floor area of approximately 11,000 square meters. SZMP has entered into a letter of intent for leasing the commercial-cum-office building, however, it was cancelled in early 2021. SZMP intends to lease out the commercial-cum-office building as a whole and will actively solicit appropriate tenants.

During the year under review, this project derived its income solely from sales and leasing of car parking spaces and accounted for approximately 0.62% of the turnover of SZMP. Ten car parking spaces were sold in 2020 and there are now one thousand two hundred-plus car parking spaces retained for sale.

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 year under review.

Securities held for Trading

All trading securities investments of the Group are listed in Hong Kong. During the year 2020, revenue derived from the securities investments held for trading accounted for approximately 73.54% of the Group's gross proceeds from operations. The revenue was attributable to gross proceeds from disposal of HK\$63,880,000 and dividend receipts of HK\$16,328,000. Hence, a net realized gain of HK\$15,994,000 (2019: HK\$13,825,000) was generated. After taking account of a net unrealized loss on changes in fair value of HK\$71,944,000 (2019: gain of HK\$947,000) in accordance with applicable accounting standards, a net loss on trading securities investments of HK\$55,950,000 was recorded for the year under review (2019: net gain of HK\$14,772,000).

As at 31st December, 2020, the Group had securities investments held for trading of an aggregate fair value of HK\$225,909,000, representing approximately 8.76% of the Group's total assets. An analysis of the performance of the trading securities investments of the Group during the year under review by industry classification is set out below:

Industry Classification	As at 31st December, 2020		For the year ended 31st December, 2020		
	Fair value	Percentage of total assets of the Group	Realized gain	Unrealized (loss) gain	Net (loss) gain
	HK\$ '000		HK\$ '000	HK\$ '000	HK\$ '000
Real estate investment trusts	16,514	0.640%	937	(11,705)	(10,768)
Financials – Banks	147,429	5.714%	8,423	(37,751)	(29,328)
Conglomerates	58,629	2.272%	4,900	(21,807)	(16,907)
Consumer discretionary	2,438	0.095%	–	(736)	(736)
Properties and construction	899	0.035%	1,156	55	1,211
Telecommunications	–	–	578	–	578
	<u>225,909</u>	<u>8.756%</u>	<u>15,994</u>	<u>(71,944)</u>	<u>(55,950)</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 year under review. The following equity investment is the most significant securities investment held for trading of the Group and an analysis of the performance of such investment during the year under review is set out below:

Equities	As at 31st December, 2020		For the year ended 31st December, 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)	114,901	4.453%	8,168	(29,484)	(21,316)

As at 31st December, 2020, the Group held 43,359,000 H shares, representing 0.05% of the total H shares, of Bank of China Limited at the historical investment cost of HK\$140.38 million. During the year under review, the Group recognized dividend income of HK\$8,168,000 from the bank, which represented the realized gain on such investment and accounted for approximately 7.49% of the Group's gross proceeds from operations. 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 currently intends to retain its investment in the H shares of Bank of China Limited to enjoy a stable dividend income and long-term capital appreciation.

Long-term Equity Investments

As at 31st December, 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 investment and the fair value of such investment amounted to HK\$474,816,000, representing approximately 18.40% of the Group's total assets. The historical investment cost amounted to HK\$498.33 million. 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 during the year under review (2019: HK\$44,514,000), which accounted for approximately 24.94% of the Group's gross proceeds from operations 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\$4.95 million was charged to the investment revaluation reserve of the Group in 2020 (2019: HK\$66.77 million) in accordance with the applicable accounting standards. The Group currently intends to keep the equity investment in TGL as a long-term investment. It is expected that the equity investment in TGL 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 year under review, the total fair value of these investments amounted to HK\$9,666,000, representing approximately 0.37% of the Group's total assets. No revenue has been generated during the year under review (2019: Nil) and an unrealized loss on changes in fair value of these equity investments of HK\$1.42 million was charged to the investment revaluation reserve of the Group in 2020 (2019: HK\$0.26 million) 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, 2020. 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, 2020, the cash and cash equivalents of the Group amounted to HK\$1,004,355,000. During the year under review, the Group generated a net cash inflow of HK\$80,711,000 from its investing activities. After taking into account a net cash outflow of HK\$65,793,000 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 year ended 31st December, 2020 amounted to HK\$89,424,000 (2019: HK\$220,365,000). The decrease in cash balance in 2020 was mainly attributable to the payment of final dividend of the Company and an increase in trading securities investments in Hong Kong.

The Group had no borrowing as at the end of the reporting period (2019: Nil). Of the liabilities of the Group, approximately 33.18% 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 year 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 31st December, 2020, the Group recorded a current ratio of 107.41 times (2019: 119.61 times) and a gearing ratio (being total liabilities to equity attributable to owners of the Company) of 1.40% (2019: 1.34%). The drop in the current ratio was mainly attributable to the payment of final dividend of the Company and there was no significant change in the gearing ratio during the year under review.

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 2020 (2019: 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 0.60% (2019: 4.27%) owing to a significant drop in the profit.

Charge on Assets

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

PRIVATISATION PROPOSAL

As disclosed in the announcement jointly issued by Step Famous Investment Limited (the "Offeror") and the Company on 18th January, 2021 (the "Joint Announcement"), a proposal for the privatisation of the Company by the Offeror (the "Proposal") by way of a scheme of arrangement under section 673 of the Hong Kong Companies Ordinance (the "Scheme") would be put forward to the registered holders of the shares of the Company (other than those held by the Offeror and its concert parties (excluding Cosmos Success Development Limited, a wholly-owned subsidiary of TGL)) (the "Scheme Shares"). On 18th January, 2021, the Offeror entered into a rollover agreement (the "Rollover Agreement") with Best Central Developments Limited (the "Rollover Shareholder", a wholly-owned subsidiary of Zhangjiang Hi-Tech), pursuant to which, amongst others, the Offeror and the Rollover Shareholder, both being substantial shareholders of the Company, will remain as the shareholders of the Company after the Scheme becoming effective, which is subject to fulfilment of the conditions of the Rollover Agreement. In addition, there is a proposed transfer of approximately 10.503% interests in the registered capital of SZMP from the Group to Zhangjiang Hi-Tech (the "SZMP Transfer"). The arrangement between the Offeror and the Rollover Shareholder under the Rollover Agreement and the SZMP Transfer (collectively the "Special Deals") constitute special deals under Rule 25 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code").

The Proposal and the Scheme will become effective and binding on the Company and all registered holders of the Scheme Shares subject to the fulfilment or waiver (as applicable) of the conditions of the Proposal as set out in the section headed "Conditions of the Proposal" in the Joint Announcement (the "Conditions") including, inter alia, the following conditions:

- (a) the approval of the Scheme at a meeting of the registered holders of the Scheme Shares to be convened at the direction of the High Court of Hong Kong (the "High Court") (the "Court Meeting");
- (b) the passing of a special resolution at a general meeting of the Company to be convened and to be held immediately following the Court Meeting (the "General Meeting") to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new shares of the Company as is equal to the number of the Scheme Shares cancelled;

- (c) the sanction of the Scheme and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme by the High Court; and
- (d) (i) the receipt of an opinion from the Independent Financial Adviser (as defined below) to the Independent Board Committee (as defined below) confirming that the Special Deals are fair and reasonable as far as the shareholders of the Company (other than the Offeror, its concert parties and those who are involved and/or interested in the Special Deals) (the “Independent Shareholders”) are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the General Meeting to approve the Special Deals; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (or any delegate thereof) in respect of the Special Deals.

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled. Share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of its shares to be withdrawn from The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with Rule 6.15 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), subject to the Scheme becoming effective, following the date on which the Scheme becomes effective in accordance with the Hong Kong Companies Ordinance. Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before 31st December, 2021. Hence, the Proposal may or may not be implemented. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the shares of the Company on the Stock Exchange will not be withdrawn.

An independent board committee of the Company (the “Independent Board Committee”) comprising Mr Zhang Hong Bin, Mr Tsang Kam Chuen and Mr Ng Chi Him, being all the independent non-executive Directors of the Company who are not involved in and/or interested in the Proposal, the Scheme and the Special Deals, has been established to make recommendation to the relevant independent shareholders of the Company on the Proposal, the Scheme and the Special Deals.

Altus Capital Limited (the “Independent Financial Adviser”), a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Hong Kong Securities and Futures Ordinance, has been appointed as the independent financial adviser to advise the Independent Board Committee on the Proposal, the Scheme and the Special Deals.

As announced by the Offeror and the Company on 5th March, 2021, it is expected that (i) the scheme document to be jointly issued by the Offeror and the Company to the shareholders of the Company in relation to the Scheme will be despatched on 7th June, 2021; (ii) the Court Meeting and the General Meeting will be held on 30th June, 2021; and (iii) the court hearing of the petition to sanction the Scheme and to confirm the reduction of the share capital of the Company involved in the Scheme will be held on 17th August, 2021.

PROSPECTS

Save for the intention of the Offeror after the Scheme becoming effective, the Group will keep property development and investment as well as securities trading and investment as its principal operating activities. In consideration of the Scheme which will be submitted for the approval by the independent shareholders of the Company and the sanction of the High Court in next few months and the requirements of the Takeovers Code, the Board will not explore any other investments to expand the scopes of business of the Group and investment portfolio in the meantime.

In regard to the property development and investment business, residential properties for the middle-class and commercial-cum-office properties in the Mainland China are the target business segments of the Group. Even if the SZMP Transfer may be implemented, 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 2021 and the revenue will be predominantly generated from rental income.

It is expected that the global and Hong Kong financial markets will be noticeably fluctuant in 2021 under the impact of the increasingly unstable global economic and political situation as well as the outbreak of COVID-19. 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 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. A public consultation on the draft of "The Master Plan of the Macao Special Administrative Region (2020 – 2040)" was carried out by the Macau government during early September to early November 2020. The Group will monitor closely the consultation conclusions and 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 has created disruptions and uncertainties in economic and business activities of populations worldwide and it is not expected to be at an end shortly. The overall 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. However, with the commencement of vaccination all over the world, it is cautiously optimistic that the situation will be under control and the economy will be recovered gradually. The Group will continue to monitor the situation closely and any financial impact on the operations of the Group, should this happen, would be reflected in the financial statements of the Group for the financial year 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December, 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 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 Listing Rules during the year ended 31st December, 2020 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; 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 ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2020

This annual 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 Annual Report 2020 of the Company will be available on both websites and despatched to the shareholders of the Company by the end of April 2021.

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

Hong Kong, 12th March, 2021

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.