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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, 2017**

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, 2017 together with the comparative figures for the corresponding year of 2016 as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Notes	<b>Year ended 31st December</b>	
		<b>2017</b>	<b>2016</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Gross proceeds from operations	4&5	<b><u>140,097</u></b>	<b><u>633,532</u></b>
Revenue	4&5	<b>2,269</b>	3,681
Cost of sales		<b>(398)</b>	(1,046)
Gross profit		<b><u>1,871</u></b>	<u>2,635</u>
Dividends from available-for-sale investments		<b>86,000</b>	38,220
Other income		<b>8,980</b>	12,802
Selling expenses		<b>(1)</b>	(64)
Administrative expenses		<b>(12,297)</b>	(12,102)
Exchange gain (loss)		<b>1,645</b>	(10,571)
Net gain in held-for-trading investments		<b>7,388</b>	101,220
		<b><u>93,586</u></b>	<u>132,140</u>
Share of results of an associate		<b>177,992</b>	187,883
Profit before taxation	6	<b><u>271,578</u></b>	<u>320,023</u>
Taxation	7	<b>9,743</b>	(14,173)
Profit for the year		<b><u>281,321</u></b>	<b><u>305,850</u></b>
Profit for the year attributable to:			
Owners of the Company		<b>281,142</b>	305,586
Non-controlling interests		<b>179</b>	264
		<b><u>281,321</u></b>	<b><u>305,850</u></b>
Earnings per share (HK cents)	9		
- Basic		<b><u>10.78</u></b>	<b><u>11.71</u></b>

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

	<b>Year ended 31st December</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the year	<b>281,321</b>	305,850
	<hr/>	<hr/>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Gain on change in fair value of available-for-sale investments	<b>147,434</b>	147,022
Exchange differences arising from translation of:		
- other foreign operations	<b>12,145</b>	(10,930)
- an associate	<b>71,082</b>	(55,701)
	<hr/>	<hr/>
Other comprehensive income for the year	<b>230,661</b>	80,391
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b><u>511,982</u></b>	<b><u>386,241</u></b>
Total comprehensive income (expense) attributable to:		
Owners of the Company	<b>511,017</b>	386,684
Non-controlling interests	<b>965</b>	(443)
	<hr/>	<hr/>
	<b><u>511,982</u></b>	<b><u>386,241</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31st December	
		2017 HK\$'000	2016 HK\$'000
<b>Non-current Assets</b>			
Property, plant and equipment		5,290	6,337
Investment property		28,563	28,563
Interest in an associate		975,284	921,610
Deferred tax assets		16,594	15,324
Available-for-sale investments	10	776,956	556,689
		<b>1,802,687</b>	<b>1,528,523</b>
<b>Current Assets</b>			
Properties held for sale		18,942	18,089
Held-for-trading investments	11	57,287	27,369
Other receivables and prepayments		21,211	24,358
Prepaid tax		2,235	–
Cash and bank balances		1,218,731	1,152,132
		<b>1,318,406</b>	<b>1,221,948</b>
<b>Current Liabilities</b>			
Trade and other payables and accruals	12	16,745	19,606
Tax payable		113,857	101,063
		<b>130,602</b>	<b>120,669</b>
<b>Net Current Assets</b>		<b>1,187,804</b>	<b>1,101,279</b>
<b>Total Assets less Current Liabilities</b>		<b>2,990,491</b>	<b>2,629,802</b>
<b>Capital and Reserves</b>			
Share capital		442,244	442,244
Reserves		2,504,960	2,124,370
		<b>2,947,204</b>	<b>2,566,614</b>
Equity attributable to owners of the Company		2,947,204	2,566,614
Non-controlling interests		11,203	10,238
<b>Total Equity</b>		<b>2,958,407</b>	<b>2,576,852</b>
<b>Non-current Liability</b>			
Deferred tax liabilities		32,084	52,950
		<b>2,990,491</b>	<b>2,629,802</b>

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, 2017.

## 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 values, and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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, 2017 and 2016 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, 2016 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, 2017 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the above amendments to HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

#### 4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

	2017 HK\$'000	2016 HK\$'000
Sales of properties	1,506	3,207
Leasing of properties	763	474
REVENUE	<u>2,269</u>	<u>3,681</u>
Sale proceeds from disposal of held-for-trading investments	48,970	573,615
Dividend income from available-for-sale investments	86,000	38,220
Dividend income from held-for-trading investments	2,858	18,016
GROSS PROCEEDS FROM OPERATIONS	<u><u>140,097</u></u>	<u><u>633,532</u></u>

#### 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 held-for-trading investments and available-for-sale investments

	Property Development and Investment HK\$'000	Securities Trading and Investment HK\$'000	Total HK\$'000
<u>2017</u>			
Gross proceeds from operations – segment revenue	<u>2,269</u>	<u>137,828</u>	<u>140,097</u>
<b>Results</b>			
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
Profit before taxation			<u><u>271,578</u></u>
<u>2016</u>			
Gross proceeds from operations – segment revenue	<u>3,681</u>	<u>629,851</u>	<u>633,532</u>
<b>Results</b>			
Segment profit	<u>1,131</u>	<u>139,028</u>	140,159
Other income			12,802
Unallocated expenses			(20,821)
Share of results of an associate			187,883
Profit before taxation			<u><u>320,023</u></u>

## 5. SEGMENT INFORMATION – continued

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\$2,269,000 (2016: HK\$3,681,000), please refer to Note 4. Segment profit represent the results of each segment without allocation of central administrative costs including depreciation of leasehold land and building 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.

### REVENUE FROM MAJOR PRODUCTS AND SERVICES

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

	2017 HK\$'000	2016 HK\$'000
Sales of properties	1,506	3,207
Leasing of properties	763	474
	<u>2,269</u>	<u>3,681</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 is based on the location of properties sold and leased out and information about its non-current assets (excluding deferred tax assets and 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>	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong	–	–	302	453
Macau	–	–	33,547	34,442
Mainland China	2,269	3,681	975,288	921,615
	<u>2,269</u>	<u>3,681</u>	<u>1,009,137</u>	<u>956,510</u>

## 6. PROFIT BEFORE TAXATION

	2017 HK\$'000	2016 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,047	1,047
Written off property, plant and equipment	2	–
	<u>1,049</u>	<u>1,047</u>

## 7. TAXATION

	2017 HK\$'000	2016 HK\$'000
Current tax:		
Hong Kong Profits Tax	7	2,790
Mainland China Enterprise Income Tax	1,044	1,202
Mainland China Land Appreciation Tax	424	650
Mainland China Withholding Tax	9,770	3,500
Overprovision in prior years:		
Hong Kong Profits Tax	(20)	(2)
	<u>11,225</u>	<u>8,140</u>
Deferred tax (credit) charge	(20,968)	6,033
	<u>(9,743)</u>	<u>14,173</u>

The Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the assessable profit for both years.

The income tax rate of the Mainland China subsidiaries for the year ended 31st December, 2017 is 25% (2016: 25%).

## 8. DIVIDEND

The Directors recommend payment of a final dividend of HK\$0.045 (2016: HK\$0.05) per share amounting to approximately HK\$117,385,000 for the year ended 31st December, 2017, subject to approval by the shareholders at the forthcoming annual general meeting.

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.

In June 2016, a dividend of HK\$0.02 per share amounting to approximately HK\$52,171,000 in aggregate was paid to shareholders as the final dividend for the year ended 31st December, 2015.

## 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, 2017 of HK\$281,142,000 (2016: HK\$305,586,000) and on the number of 2,608,546,511 (2016: 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. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31st December, 2017 and 2016 comprise:

	2017 HK\$'000	2016 HK\$'000
Listed investments:		
- equity securities listed in Hong Kong	733,165	516,000
Unlisted equity investments	43,791	40,689
	<u>776,956</u>	<u>556,689</u>

As at the end of the reporting period, all available-for-sale investments were stated at fair value, except for the unlisted equity investments, the fair values of which cannot be measured reliably. Fair value of listed equity investments has been determined by reference to quoted market prices.

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 that the Directors of the Company are of the opinion that their values cannot be measured reliably.

## 11. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments represent equity securities listed in Hong Kong.

An analysis of held-for-trading investments as at 31st December, 2017 and 2016 by industry classification is set out below:

	2017 HK\$'000	2016 HK\$'000
Real estate investment trust	23,059	15,732
Properties and construction	–	8,751
Financials	12,583	2,219
Conglomerates	21,645	667
	<u>57,287</u>	<u>27,369</u>



## 12. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables amounting to HK\$24,000 (2016: HK\$22,000) and their aged analysis as at the end of the reporting period is as follows:

	2017 HK\$'000	2016 HK\$'000
0 – 3 months	–	22
Over 1 year	24	–
	<hr/>	<hr/>
	<b>24</b>	<b>22</b>
	<hr/> <hr/>	<hr/> <hr/>

### FINAL DIVIDEND

The Board of the Company recommends payment of a final dividend of HK\$0.045 per share for the year ended 31st December, 2017 (2016: HK\$0.05 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 2017 is Tuesday, 5th June, 2018 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, 5th June, 2018 for registration.

Dividend warrants are expected to be despatched on Thursday, 14th June, 2018.

### ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Thursday, 31st May, 2018 (the "2018 AGM"). For determining the shareholders' entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 28th May, 2018 to Thursday, 31st May, 2018, 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 2018 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, 25th May, 2018 for registration.

### GENERAL OVERVIEW

The Board is pleased to report the consolidated profit after taxation attributable to shareholders of the Company of HK\$281,142,000 for the year ended 31st December, 2017 (2016: HK\$305,586,000) and basic earnings per share of 10.78 HK cents (2016: 11.71 HK cents).

There was a slight decrease of approximately 8.0% in the profit of the Group for the year 2017 as compared with that for the corresponding period in 2016. The consolidated profit of the Group for the year under review was mainly attributable to a share of the results 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 profit of HK\$177,992,000 (2016: HK\$187,883,000).

Furthermore, the Group reported profit in its securities trading and investment business in Hong Kong by receiving a dividend income of HK\$86,000,000 (2016: HK\$38,220,000) from its long-term securities investment and recording a net gain in its trading securities investments of HK\$7,388,000 (2016: HK\$101,220,000).

As at 31st December, 2017, the equity attributable to the shareholders of the Company was HK\$2,947,204,000 (2016: HK\$2,566,614,000) in total and approximately HK\$1.13 (2016: HK\$0.98) 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, 2017.

Securities trading and investment in Hong Kong contributed approximately 98.4% of the gross proceeds from operations of the Group and generated a segment profit of HK\$92,975,000 for the year 2017 (2016: HK\$139,028,000). 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 Shanghai undertaken by the Group's subsidiaries accounted for the remaining approximately 1.6% of the Group's gross proceeds from operations for the year under review. The segment revenue was solely derived from sale and leasing of car parking spaces and a segment profit of HK\$320,000 (2016: HK\$1,131,000) was recorded.

The share of results of an associate of the Group engaged in property development and investment in Shanghai was the principal source of the consolidated profit of the Group for the year 2017 and such associate contributed a significant profit of HK\$177,992,000 (2016: HK\$187,883,000) to the Group.

### **Property Development and Investment**

Apart from the property development and investment business in Shanghai, the Group holds an investment property and a few properties for sale 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 three hundred-plus 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, 2017, operating revenue of Boulevard Real Estate was derived solely from sale and leasing of the said car parking spaces, which accounted for approximately 1.6% of the Group's gross proceeds from operations of the Group. Taking account of its interest income, Boulevard Real Estate reported a profit before taxation of HK\$4.84 million for the year 2017 (2016: HK\$5.33 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. SZMP derived its revenue for the year under review mainly from its residential development project in Fengxian District, Shanghai. Rental income from the property projects in Zhangjiang Park was the secondary source. As a result, for the year ended 31st December, 2017, SZMP reported a profit of HK\$481,060,000 (2016: HK\$507,793,000) and the Group shared a profit of HK\$177,992,000 (2016: HK\$187,883,000).

#### *Development in Fengxian District, Shanghai*

SZMP completed development of a residential-cum-commercial project in Fengxian District of Shanghai in the second-half of the year 2016. The project comprises 20 blocks of apartment buildings of eleven to twenty-one storeys, a block of commercial-cum-office building of ten storeys, underground car parks and ancillary buildings. This project was the principal source of profit of SZMP for the year under review and accounted for approximately 87.0% of the turnover of SZMP.

All 1,244 units of the residential project, namely Tomson Ginkgo Garden, with total saleable gross floor area of approximately 144,100 square meters were sold. Delivery of the residential units to the purchasers commenced in December 2016 and all sale proceeds were recognized.

SZMP retains the commercial-cum-office building with total gross floor area of approximately 11,000 square meters for leasing and one thousand six hundred-plus car parking spaces for sale.

#### *Zhangjiang Tomson Garden*

SZMP completed a residential development project in Zhangjiang Park, namely Zhangjiang Tomson Garden, in four phases and the last phase was finished in 2014. All residential units earmarked for sale have been sold out.

SZMP retains residential gross floor area of approximately 65,400 square meters for leasing and holds around one thousand car parking spaces for sale. All the residential rentable rooms were leased out as at 31st December, 2017 and there were sales of three hundred-plus car parking spaces during the year under review. This project accounted for approximately 5.6% of the turnover of SZMP for the year 2017.

#### *Zhangjiang Micro-electronics Port*

SZMP retains 7 blocks of office buildings in Zhangjiang Micro-electronics Port situated in Zhangjiang Park for leasing purpose. As at 31st December, 2017, the total rentable gross floor area for commercial and office purposes were approximately 90,200 square meters and 96.2% were let, contributing approximately 6.2% of the turnover of SZMP for the year under review.

#### *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 87.5% was recorded as at 31st December, 2017. The income generated from the commercial centre accounted for approximately 1.2% of the turnover of SZMP for the year under review. Food and beverage outlets are the principal tenants of the commercial centre, occupying approximately 51.7% of the leased area while entertainment businesses rank as the secondary tenants, taking up approximately 27.6% of the leased area.

In addition, SZMP owns a land bank in Zhangjiang Park for development 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 government of Pudong New Area in 2017, SZMP has applied and has been granted permission for revision of the development plan of Phase 2. Under the revised 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 invested in various listed securities in Hong Kong for trading and long-term investment purposes. Securities trading and investment was the principal source of both gross proceeds from operations and operating profit of the Group for the year under review.

### *Held-for-trading Investments*

All trading securities investments of the Group were listed in Hong Kong. During the year 2017, revenue derived from the securities investments held for trading accounted for approximately 37.0% of the Group's gross proceeds from operations. The revenue was attributable to gross proceeds from disposal of HK\$48,970,000 and dividend receipts of HK\$2,858,000. Hence, a total realized gain of HK\$9,114,000 was generated. After taking account of an unrealized loss on changes in fair value of HK\$1,726,000 according to applicable accounting standards, a net gain in trading securities investments of HK\$7,388,000 was recorded for the year under review (2016: HK\$101,220,000).

As at 31st December, 2017, the Group had securities investments held for trading of an aggregate fair value of HK\$57,287,000, representing approximately 1.8% of the Group's total assets and 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, 2017		For the year ended 31st December, 2017		
	Fair value	Percentage of total assets of the Group	Realized gain	Unrealized gain	Net gain
	HK\$'000		HK\$'000	HK\$'000	HK\$'000
Real estate investment trust	23,059	0.7%	1,748	270	2,018
Financials - Banks	12,583	0.4%	490	386	876
Conglomerates	21,645	0.7%	2,129	(2,382)	(253)
Utilities	N/A	N/A	3,610	N/A	3,610
Properties and construction	N/A	N/A	1,137	N/A	1,137
	<b><u>57,287</u></b>	<b><u>1.8%</u></b>	<b><u>9,114</u></b>	<b><u>(1,726)</u></b>	<b><u>7,388</u></b>

## *Available-for-sale Investments*

As at 31st December, 2017, the Group held a 11.7% 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\$733,165,000, representing approximately 23.5% 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 the Mainland China. The Group received an interim dividend from TGL for 2016 of HK\$86,000,000 (2016: HK\$38,220,000), which accounted for approximately 61.4% of the Group’s gross proceeds from operations for the year under review. In addition, an unrealized gain on change in fair value of the securities investment in TGL of HK\$147,434,000 was credited to the investment revaluation reserve of the Group as at 31st December, 2017 in accordance with the applicable accounting standards. It is expected that the securities investment in TGL will provide a steady dividend income and potential capital appreciation in the future.

In addition, Boulevard Real Estate has formed a wholly-owned subsidiary in Shanghai with a registered capital of RMB50 million to engage in investment management. As at the end of the year under review, the subsidiary held unlisted equity investments of HK\$43,791,000, representing approximately 1.4% of the Group’s total assets, as long-term investments. The investments were made in 2016 and no profit has been generated during the year under review.

## **FINANCIAL REVIEW**

### **Liquidity, Financing and Profitability**

There was no change in the Group’s capital structure during the year ended 31st December, 2017 and the Group’s operations and investments for the year under review were mainly funded by its cash on hand and revenue from investing activities.

As at 31st December, 2017, the cash and cash equivalents of the Group amounted to HK\$1,218,731,000. During the year under review, the Group generated a cash inflow of HK\$210,151,000 from its investing activities. After taking into account a net cash outflow of HK\$30,401,000 from its operation activities and the Company’s dividend payment of HK\$130,427,000, the net cash inflow of the Group for the year ended 31st December, 2017 amounted to HK\$49,323,000 (2016: HK\$466,826,000). The increase in cash balance in 2017 was mainly attributable to receipt of a dividend respectively from SZMP, an associate of the Group, and TGL, a long-term securities investment of the Group.

The Group had no borrowing as at the end of the reporting period (2016: Nil). Of the liabilities of the Group, approximately 80.3% 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.

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 2017 (2016: Nil).

As at 31st December, 2017, the Group recorded a current ratio of 10.09 times (2016: 10.13 times) and a gearing ratio (being total liabilities to equity attributable to owners of the Company) of 5.5% (2016: 6.8%). There was no significant change in the current ratio while the slight improvement in gearing ratio was mainly attributable to a reduction of withholding tax liabilities of SZMP, the Group’s associate.

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 10.2% (2016: 12.7%) owing to a drop in the profit.

## **Charge on Assets**

No asset of the Group was subject to any charge as at 31st December, 2017 (2016: 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. Recent changes in value of Renminbi may not have any material 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, 2017 (2016: 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 China are the target business segments of the Group. It is anticipated that the property development and investment business of SZMP, the Group's associate, will remain the major profit contributor of the Group in 2018 despite a possible drop in revenue which will be principally come from rental income.

It is expected that the global and Hong Kong financial markets will become relatively uncertain in 2018 with the ending of quantitative easing and possible rise in interest rates. 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, 2017, 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, 2017 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 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 and re-appointment of Directors as well as assessing the independence of independent non-executive Directors; and
- (d) the Company Secretary has day-to-day involvement and knowledge of the Company's affairs though the incumbent was not an employee of the Company as stipulated in Code Provision F.1.1 of the CG Code. She has been in the employment with the Company since March 2018 in order to comply with the CG Code.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2017**

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 2017 of the Company will be available on both websites and despatched to the shareholders of the Company by the end of April 2018.

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

Hong Kong, 16th March, 2018

*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 Liang Jung-chi, Mr Zhang Hong Bin and Mr Sit Hing Kwok.*