Tomson Group

TOMSON GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 258)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

The board of Directors (the "Board") of Tomson Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (altogether the "Group") for the six months ended 30th June, 2008 together with the comparative figures of 2007 as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	**Six months ended 30th June** **2008** **HK$'000**	2007 HK$'000
Gross proceeds from operations	5	**164,446**	252,459
Revenue	5	**122,899**	195,557
Cost of sales		**(42,075)**	(57,351)
Gross profit		**80,824**	138,206
Other income	6	**64,414**	146,993
Gain on fair value changes of investment properties		**614,253**	-
Net (loss) gain in investments held for trading	4(a)	**(13,084)**	14,308
Selling expenses		**(36,572)**	(42,774)
Administrative expenses		**(61,859)**	(47,575)
Other expenses		**-**	(3,964)
Finance costs	7	**(8,560)**	(5,971)
		639,416	199,223
Share of results of associates		**1,143**	1,329
Share of results of jointly controlled entities		**6,934**	10,902
Profit before taxation	8	**647,493**	211,454
Taxation	9	**(156,441)**	(50,971)
Profit for the period		**491,052**	160,483
Attributable to:			
Shareholders of the Company		**489,974**	160,507
Minority interests		**1,078**	(24)
		491,052	160,483
Earnings per share (HK cents)	11		
- Basic		**37.05**	12.18
- Diluted		**36.96**	12.16

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	(Unaudited) 30th June 2008 HK$'000	(Audited) 31st December 2007 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**6,730,180**	5,754,180
- Property, plant and equipment		**396,391**	382,271
Lease premium for land		**1,259,397**	502,057
Properties under development		**38,320**	34,732
Intangible assets		**4,612**	4,612
Goodwill		**33,288**	33,288
Deferred tax assets		**1,528**	2,027
Interests in associates		**35,481**	34,759
Interests in jointly controlled entities		**199,296**	182,889
Available-for-sale investments		**123,683**	151,807
		8,822,176	7,082,622
Current Assets			
Lease premium for land		**22,942**	21,979
Properties under development		**568,325**	491,342
Properties held for sale		**1,041,261**	959,319
Trade and other receivables and prepayments	12	**320,696**	230,170
Investments held for trading		**49,691**	78,413
Inventories		**20,208**	18,980
Prepaid income tax		**50,717**	17
Cash and bank balances		**1,613,929**	1,647,321
		3,687,769	3,447,541
Current Liabilities			
Trade and other payables and accruals	13	**657,112**	733,146
Receipts in advance		**1,959,365**	869,024
Tax payables		**346,583**	353,531
Current portion of long-term bank borrowings		**11,380**	10,678
		2,974,440	1,966,379
Net Current Assets		**713,329**	1,481,162
Total Assets Less Current Liabilities		**9,535,505**	8,563,784

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	(Unaudited) 30th June 2008 HK$'000	(Audited) 31st December 2007 HK$'000
Capital and Reserves		
Share capital	**664,451**	658,710
Reserves	**7,175,261**	6,383,594
Equity attributable to shareholders of the Company	**7,839,712**	7,042,304
Minority interests	**178,201**	166,636
Total Equity	**8,017,913**	7,208,940
Non-Current Liabilities		
Long-term bank borrowings	**375,555**	363,054
Deferred tax liabilities	**1,142,037**	991,790
	1,517,592	1,354,844
	9,535,505	8,563,784

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 set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments, which are measured at fair values. The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31st December, 2007.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial years beginning on 1st January, 2008:

HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but not yet effective:

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[4]

[1]Effective for annual periods beginning on or after 1st January, 2009
[2]Effective for annual periods beginning on or after 1st July, 2009
[3]Effective for annual periods beginning on or after 1st July, 2008
[4]Effective for annual periods beginning on or after 1st October, 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. CHANGES IN PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(a) Net gain in investments held for trading

The comparative figures for the six months ended 30th June, 2007 of revenue, cost of sales and changes in fair value of investments held for trading in the condensed consolidated income statement have been changed to disclose the trading results of investments held for trading in a more appropriate manner and consistent with the disclosure in the preparation of the Group's annual financial statements for the year ended 31st December, 2007. The following terms have been included in a new line item "net gain in investments held for trading":

	Six months ended 30th June, 2007 HK$'000
Sale proceeds from disposal of investments held for trading (previously included in turnover)	56,902
Cost of investments held for trading (previously included in cost of sales)	(43,953)
Gain on changes in fair value of investments held for trading	1,359
	14,308

(b) Land appreciation tax ("LAT") in the People's Republic of China (the "PRC")

At 30th June, 2007, the Group classified LAT as part of cost of sales, with the related LAT payables included in trade and other payables and accruals.

In September, 2007, the HKICPA's Financial Report Standards Committee has clarified that the LAT is a form of income tax and is within the scope of Hong Kong Accounting Standard 12 "Income Taxes". Accordingly, LAT charge has been reclassified from cost of sales to taxation on the consolidated income statement and the related LAT payables shall group under tax payables on the face of the consolidated balance sheet.

The change in classification has been adjusted retrospectively by restating the comparative information for the period. The effect of the change described above on the results of prior period is as follows:

The following is an analysis in profit for the six months ended 30th June, 2007 by line items presented according to their function:

	Six months ended 30th June, 2007 HK$'000
Decrease in cost of sales	(13,231)
Increase in taxation	13,231
Impact on the condensed consolidated income statement	-

5. GROSS PROCEEDS FROM OPERATIONS, REVENUE AND BUSINESS SEGMENTS

Gross proceeds from operations and revenue

Revenue represents the aggregate of revenue under the following headings:

(i) Property investment

- represents revenue from property management and rental income

(ii) Property development and trading

- represents gross revenue received and receivable from sales of properties

(iii) Industrial operations

- represents the gross revenue from sale of manufactured PVC pipes

(iv) Leisure

- represents the income from golf club operations and its related services

Gross proceeds from operations include the gross proceeds received and receivable from investments held for trading under the business of securities trading, in addition to the above aggregated revenue.

Gross proceeds from operations for the period ended 30th June, 2008 consist of the followings:

	Six months ended 30th June	
	2008	2007
	HK$'000	HK$'000
Revenue from sale of goods and properties	**36,717**	99,162
Revenue from rendering of services	**47,743**	65,074
Revenue from property rental and management fee	**38,439**	31,321
Revenue	**122,899**	195,557
Gross proceeds from sale of securities	**41,547**	56,902
Gross proceeds from operations	**164,446**	252,459

5. GROSS PROCEEDS FROM OPERATIONS, REVENUE AND BUSINESS SEGMENTS (continued)

Business segments

The Group's primary format for reporting segment information is business segment.

For the six months ended 30th June, 2008

	Property Investment HK$'000	Property Development and Trading HK$'000	Industrial Operations HK$'000	Leisure HK$'000	Securities Trading HK$'000	Unallocated HK$'000	Elimination HK$'000	Total HK$'000
GROSS PROCEEDS FROM OPERATIONS	**38,439**	**1,172**	**35,545**	**47,743**	**41,547**	**-**	**-**	**164,446**
REVENUE								
External sales	**38,439**	**1,172**	**35,545**	**47,743**	**-**	**-**	**-**	**122,899**
Inter-segment sales	**6,506**	**-**	**25**	**-**	**-**	**-**	**(6,531)**	**-**
	44,945	**1,172**	**35,570**	**47,743**	**-**	**-**	**(6,531)**	**122,899**
RESULTS								
Segment results	**630,269**	**(26,795)**	**803**	**9,999**	**(13,099)**	**-**	**-**	**601,177**
Other income	**3,021**	**17,453**	**2,831**	**4,187**	**9**	**36,913**	**-**	**64,414**
Unallocated corporate expenses								**(17,615)**
Finance costs								**(8,560)**
								639,416
Share of results of associates	**-**	**-**	**421**	**444**	**-**	**278**	**-**	**1,143**
Share of results of jointly controlled entities	**-**	**(159)**	**-**	**7,093**	**-**	**-**	**-**	**6,934**
Profit before taxation								**647,493**
Taxation								**(156,441)**
Profit for the period								**491,052**

Inter-segment sales are charged at prevailing market prices.

5. GROSS PROCEEDS FROM OPERATIONS, REVENUE AND BUSINESS SEGMENTS (continued)

For the six months ended 30th June, 2007

	Property Investment HK$'000	Property Development and Trading HK$'000	Industrial Operations HK$'000	Leisure HK$'000	Securities Trading HK$'000	Unallocated HK$'000	Elimination HK$'000	Total HK$'000
GROSS PROCEEDS FROM OPERATIONS	31,321	74,933	24,229	65,074	56,902	-	-	252,459
REVENUE								
External sales	31,321	74,933	24,229	65,074	-	-	-	195,557
Inter-segment sales	169	-	15	-	-	-	(184)	-
	31,490	74,933	24,244	65,074	-	-	(184)	195,557
RESULTS								
Segment results	20,138	26,276	(1,269)	21,441	14,252	-	-	80,838
Other income	1,415	8,136	195	1,959	13	135,275	-	146,993
Unallocated corporate expenses								(22,637)
Finance costs								(5,971)
								199,223
Share of results of associates	-	-	-	(1,026)	-	2,355	-	1,329
Share of results of jointly controlled entities	-	18	-	10,884	-	-	-	10,902
Profit before taxation								211,454
Taxation								(50,971)
Profit for the period								160,483

Inter-segment sales are charged at prevailing market prices.

6. OTHER INCOME

	Six months ended 30th June **2008** HK$'000	2007 HK$'000
Other income included:		
Interest income	**14,460**	8,861
Net gain on disposal of property, plant and equipment and lease premium for land, net of written off	**24,145**	111
Net exchange gain	**15,726**	6,085
Dividends from available-for-sale investments	**5,114**	32,765
Written back of allowance for bad and doubtful debts	**2,685**	-
Gain on disposal of available-for-sale investments	-	94,577
Income from distribution of broadcasting right	-	1,970

7. FINANCE COSTS

	Six months ended 30th June	
	2008	2007
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**13,275**	16,955
Less: interest capitalised	**(4,715)**	(10,984)
	8,560	5,971

8. PROFIT BEFORE TAXATION

	Six months ended 30th June	
	2008	2007
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation	**12,448**	10,096
Amortisation of lease premium for land	**3,221**	3,110

9. TAXATION

	Six months ended 30th June	
	2008	2007
	HK$'000	HK$'000
The charge (credit) comprises:		
The PRC (other than Hong Kong) Enterprise Income Tax calculated at tax rates prevailing in the respective jurisdictions where the relevant individual group companies operate	**11,609**	14,357
PRC LAT	**12**	13,231
Hong Kong Profits Tax	**-**	85
Underprovision in prior period		
- PRC (other than Hong Kong) Enterprise Income Tax	**735**	122
	12,356	27,795
Increase in opening deferred tax balances resulting from an increase in the applicable tax rate	**-**	29,811
Deferred tax charge (credit)	**144,085**	(6,635)
Total tax charges for the period	**156,441**	50,971

The domestic income tax rate is the income tax rate of the jurisdiction where the major operations of the Group are based. The major PRC subsidiaries have their operations located in Pudong New Area, Shanghai, the PRC and are subject to a tax rate of 25% (2007: 15%) for the six months ended 30th June, 2008.

9. TAXATION (continued)

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 15% to 25% effective from 1st January, 2008.

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30th June, 2008. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the six months ended 30th June, 2008.

10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the period under review (2007: Nil). In June, 2008, a dividend of HK$0.055 per share amounting to approximately HK$72,760,000 (2007: Nil) in aggregate was paid to shareholders as the final dividend for 2007.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Six months ended 30th June	
	2008	2007
	HK$'000	HK$'000
Earnings		
Profit for the period attributable to shareholders of the Company for the purposes of basic earnings per share and diluted earnings per share	**489,974**	160,507
Number of shares		
Weighted average number/number of ordinary shares for the purposes of basic earnings per share	**1,322,600,171**	1,317,471,940
Effect of dilutive potential ordinary shares		
- Share options	**3,005,930**	2,407,139
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,325,606,101**	1,319,879,079

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The general credit terms of the Group given to trade customers range from cash on delivery to 60 days. A longer credit period may be granted to customers with long business relationship.

Included in trade and other receivables and prepayments are trade receivables net of impairment losses and their aged analysis as at the balance sheet date is as follows:

	30th June 2008 HK$'000	31st December 2007 HK$'000
0 – 3 months	**26,493**	17,988
4 – 6 months	**4,630**	79
7 – 12 months	**8,451**	3,692
over 1 year	**661**	606
	40,235	22,365

13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables and their aged analysis as at the balance sheet date is as follows:

	30th June 2008 HK$'000	31st December 2007 HK$'000
0 – 3 months	**33,940**	228,633
4 – 6 months	**194,472**	10
7 – 12 months	**86**	4,863
over 1 year	**34,087**	26,352
	262,585	259,858

GENERAL OVERVIEW

The Group recorded a consolidated profit after taxation attributable to shareholders of the Company of approximately HK$489.97 million for the first half of 2008 (2007: HK$160.51 million). The basic earnings per share for the period under review was 37.05 HK cents (2007: 12.18 HK cents). An improvement in the results for the six months ended 30th June, 2008 was principally attributable to a gain on fair value changes of investment properties of the Group of approximately HK$614.25 million.

If the changes in fair value of the investment properties were disregarded, the Group's profit before taxation for the first half of 2008 would amount to approximately HK$33.24 million (2007: HK$211.45 million). The profit before taxation for the period under review dropped because a significant proportion of the proceeds from property development and trading of the Group in Shanghai has yet been recognised according to the accounting standards and the total gross proceeds from operations of the Group for the period under review declined to HK$164.45 million (2007: HK$252.46 million). In addition, a net loss in investments held for trading of the Group of approximately HK$13.08 million was recorded in the financial statements for the six months ended 30th June, 2008. Whilst there was an income of approximately HK$127.34 million generated from a disposal of and a dividend receipt from long-term equity investments of the Group in the corresponding period of 2007.

On the other hand, a provision for deferred tax of approximately HK$144.09 million, which was mainly arisen from an increase in the fair value of the investment properties of the Group after independent market valuation, was made in the consolidated financial statements of the Group for the period under review.

The Board does not recommend a payment of an interim dividend for the six months ended 30th June, 2008 (2007: Nil).

OPERATIONS REVIEW

Shanghai is the major source of gross proceeds from operations and profit of the Group.

During the first half of 2008, property investment was the largest profit contributor to the Group by making a contribution of approximately HK$633.29 million from its steady recurrent rental and management income and a gain on fair value changes of the investment properties. Hospitality and leisure activities were the principal revenue generator of the Group and reported an operating profit of approximately HK$14.19 million to the Group in addition to a share of profit of approximately HK$7.09 million from a hotel operation of the Group.

As most of the properties developed by the Group in Shanghai have been sold and the pre-sale proceeds from Phase 1 of Tomson Riviera Garden which was under development during the period under review could not be recognised, revenue from property development and trading in Shanghai was significantly reduced during the period under review. In addition, there was an increase in administration expenses which was mainly attributable to a donation for earthquake in Sichuan. A loss of approximately HK$9.34 million was therefore recorded in that business segment.

Securities trading activities also reported a loss of approximately HK$13.09 million for the six months ended 30th June, 2008 owing to an unrealised loss on change in fair value of investments held for trading.

OPERATIONS REVIEW (continued)

Property Development and Investment

Property development and investment in Shanghai is no doubt the principal business of the Group though it only accounted for approximately 24% of the gross proceeds from operations of the Group for the six months ended 30th June, 2008 as trivial revenue from sale of properties were recognised during the period.

Tomson Riviera Garden

Tomson Riviera Garden is the latest residential project of the Group developed by phases on a site adjacent to Tomson Shanghai Pudong Golf Club and the Group holds a 70% interest in that project. Phase 1 provides 172 residential units and of its total residential gross floor area for sale in value of around 52,900 square meters, approximately 94% were sold. Construction of Phase I was completed and it is expected that the pre-sale proceeds of approximately HK$2,000 million would be recognised in the annual results of the Group for the year ended 31st December, 2008.

Construction of Phase 2 commenced in August 2008 and is scheduled for completion at the end of 2009. Phase 2 comprises 120 detached or semi-detached townhouses of a total residential gross floor area for sale in value of around 38,300 square meters.

Tomson Riviera

Tomson Riviera, a prime residential development project of the Group along the riverfront of Pudong and overlooking the Bund, was granted with its real estate ownership certificate in August 2007. The project comprises four residential towers of a total residential gross floor area of approximately 117,400 square meters. Of the four residential towers, two are earmarked for sale and another two are retained for investment purpose.

According to the accounting standards, the two blocks of investment properties were measured at their fair value and a gain on fair value changes of approximately HK$614.25 million was recorded in the first half of 2008.

Promotion of Tomson Riviera for both sale and leasing purposes is in progress and it is expected that satisfactory sale proceeds and rental income would be recognised in the second half of 2008.

Commercial and Industrial Buildings

Rental income and management fee from the Group’s commercial and industrial property portfolio in Pudong, comprising Tomson Commercial Building, Tomson International Trade Building, Tomson Waigaoqiao Industrial Park and the commercial podium of Tomson Business Centre, continuously provided a steady recurrent revenue to the Group and accounted for approximately 23% of the gross proceeds from operations of the Group for the period under review.

OPERATIONS REVIEW (continued)

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club

Tomson Shanghai Pudong Golf Club was the principle revenue generator of the Group for the period ended 30th June, 2008 accounting for approximately 29% of the gross proceeds from operations of the Group and delivered an operating profit of approximately HK$14.19 million to the Group. Sale of membership debentures remained the major source of operating revenue of the Golf Club though there was a slowdown during the period under review. Operating results of the Golf Club for the first six months of 2008 were affected by opening of new golf clubs and the market sentiments.

After opening for more than 10 years, a renovation of the Golf Club started in June 2008 and will be carried out by phases to strengthen the competitiveness of the Golf Club.

Hotel Inter-Continental Pudong Shanghai

For the first half of 2008, the Group shared a profit of approximately HK$7.09 million from Hotel Inter-Continental Pudong Shanghai in which it holds a 50% interest. The hotel operation achieved an average occupancy rate of approximately 66% in the period under review. The drop in operating profit of the hotel for the period under review was attributable to hotel renovation, restriction on issuance of visiting visas to foreigners by government of the Mainland China and organisation of Olympic Games for 2008 in Beijing.

Industrial Operations

Manufacturing operation of PVC pipes and fittings of the Group in Shanghai made an operating profit of approximately HK$3.63 million during the six months ended 30th June, 2008 because an allowance for bad and doubtful debts was written back and the turnover was increased though the gross profit margin dropped.

Securities Trading

Securities trading activities became the second major source of the gross proceeds from operations of the Group for the period under review and accounted for around a quarter of the total gross proceeds. A loss of approximately HK$13.09 million was however resulted after taking into account an unrealized loss on changes in fair value of investments of the Group held for trading owing to a downturn in the securities market in Hong Kong in 2008.

Investment Holding

In addition to its own property development projects, the Group holds a 9.8% interest in the issued capital of Rivera (Holdings) Limited (“RHL”), a listed company in Hong Kong, and a 13.5% interest in the registered capital of an associated company of RHL established in the Mainland China. Both two companies are principally engaged in property development and investment in Zhangjiang Hi-Tech Park, Pudong, Shanghai. Dividend of approximately HK$5.11 million was received in the first half of 2008.

FINANCIAL REVIEW

Liquidity and Financing

The Group's capital expenditure and investments for the period ended 30th June, 2008 were mainly funded by cash on hand and operating revenue.

At the balance sheet date, the cash and cash equivalents of the Group amounted to approximately HK$1,613.93 million. During the period under review, the Group generated a net cash inflow of approximately HK$692.52 million from its operations. After taking account of a net cash outflow of approximately HK$747.91 million and HK$61.16 million from its investing and financing activities respectively, the Group recorded a net cash outflow of approximately HK$116.55 million for the period under review (2007: a net cash inflow of HK$241.86 million). The decrease in the cash inflow for the period under review was mainly attributable to a payment of lease premium for land in Shanghai.

The Group's borrowings as at 30th June, 2008 amounted to approximately HK$386.94 million (31st December, 2007: HK$373.73 million), equivalent to 4.94% (31st December, 2007: 5.31%) of the equity attributable to the shareholders of the Company at the same date. All of the borrowings were bank loans under security and 47.06% of those borrowings were subject to a fixed interest rate while the rest was on a floating rate basis. Of those borrowings, 2.94% were repayable within one year from the balance sheet date while the remaining was due for repayment more than one year but within three years from the balance sheet date.

At the balance sheet date, the Group had capital commitments contracted but not provided for in relation to expenditure on properties under development amounting to approximately HK$162.10 million (31st December, 2007: HK$868.70 million). The Group anticipates funding those commitments from its future operating revenue, bank borrowings and other sources of finance where appropriate.

The Group recorded a current ratio of 1.24 times (31st December, 2007: 1.75 times) and a gearing ratio (total liabilities to equity attributable to the shareholders of the Company) of 57.30% as at 30th June, 2008 (31st December, 2007: 47.16%). The drop in the current ratio and the rise in the gearing ratio in 2008 were mainly attributable to a classification of pre-sale proceeds of nearly HK$2,000 million from the Group's properties under development as current liabilities.

Charge on Assets

As at 30th June, 2008, assets of the Group with an aggregate carrying value of approximately HK$1,540.03 million (31st December, 2007: HK$1,442.84 million) were pledged to banks for securing long-term bank loans of the Group.

Foreign Exchange Exposure

The majority of the Group's assets and liabilities are denominated in Renminbi and the liabilities are well covered by the assets, the management therefore expects that the change in value of Renminbi will not have any adverse effect to the Group since Renminbi has generally been perceived as having appreciation in value relative to Hong Kong Dollars. On the other hand, all of the other assets and liabilities of the Group are denominated in either Hong Kong Dollars or United States Dollars, hence, the Group does not anticipate any material foreign exchange exposure.

FINANCIAL REVIEW (continued)

Contingent Liabilities

As at 30th June, 2008, the Group had a contingent liability of US$3 million in respect of a provision of a guarantee to indemnify the management company of Hotel Inter-Continental Pudong Shanghai a part of the fund paid for hotel renovation and system upgrading. The Board is of the opinion that it would be unlikely for the Group to suffer any material financial loss as a result of giving the aforesaid guarantee.

PROSPECTS

Mainland China is still the focus of the Group’s investment and the Board has confidence in the sustainable growth of the real estate sector therein notwithstanding the promulgation of various macro-economic measures by the central government of the Mainland China. The management will devote its effort to the development of Phase 2 of Tomson Riviera Garden and the marketing of Tomson Riviera. On the other hand, the Group is also interested in diversifying its business portfolio and will actively look for any profitable investment opportunities even in any other business streams.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June, 2008, the Company repurchased a total of 758,000 shares of HK$0.50 each in its issued capital on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at an aggregate consideration of approximately HK$2.04 million.

The repurchase of shares was made pursuant to a general mandate granted to the Board at the 2007 annual general meeting of the Company to repurchase shares of HK$0.50 each in the capital of the Company and all of the aforesaid repurchased shares have been duly cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange throughout the period of six months ended 30th June, 2008, except that:

(a) Madam Hsu Feng takes up both the posts of Chairman of the Board and Managing Director of the Company but the Board is of the view that there is an adequate balance of power. The Company’s daily business management is shared amongst Madam Hsu and other members of the Executive Committee of the Board which was set up with specific written terms of reference. Besides, all major decisions are made in consultation with members of the Board and appropriate committees of the Board;

CODE ON CORPORATE GOVERNANCE PRACTICES (continued)

(b) none of the existing independent non-executive Directors of the Company are appointed for a specific term and the Articles of Association of the Company do not prescribe to have the Directors of the Company retired by rotation at least once every three years. However, one-third (or the number nearest thereto) of all the Directors of the Company (including the independent non-executive Directors) for the time being shall retire by rotation at the Company's each annual general meeting and shall be eligible for re-election in accordance with the Articles of Association of the Company; and

(c) the Chairman of the Board was not available to attend the annual general meeting of the Company for 2008, however, Mr Tong Albert, Vice-Chairman of the Board and executive Director of the Company, was present at the meeting to answer questions on the business of the Group.

PUBLICATION OF INTERIM RESULTS

This interim results announcement is published on the issuer website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and on the Company's website at http://www.tomson.com.hk. The Interim Report for 2008 of the Company will also be published on the aforesaid websites in due course.

On behalf of the Board of
TOMSON GROUP LIMITED
Hsu Feng
Chairman and Managing Director

Hong Kong, 8th September, 2008

As at the date of this announcement, the Board of the Company comprises three executive Directors, Madam Hsu Feng (Chairman and Managing Director), Mr Tong Albert (Vice-Chairman) and Mr Chuang Hsiao-Chen, and three independent non-executive Directors, Madam Tung Wai Yee, Mr Cheung Siu Ping, Oscar and Mr Lee Chan Fai.