Tomson Group

TOMSON GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 258)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2008

The Board of Directors (the "Board") of Tomson Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (altogether the "Group") for the year ended 31st December, 2008 together with comparative figures for the corresponding year in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**Year ended 31st December** **2008** **HK$'000**	2007 HK$'000
Gross proceeds from operations	4	**2,386,932**	785,270
Revenue	4	**2,315,982**	684,288
Cost of sales		**(870,253)**	(154,964)
Gross profit		**1,445,729**	529,324
Net (loss) gain in investments held for trading		**(32,599)**	6,796
Other income	5	**111,394**	170,521
Selling expenses		**(262,953)**	(138,679)
Administrative expenses		**(124,130)**	(170,940)
Other expenses		**(4,612)**	(11,136)
Impairment loss on available-for-sale investments		**(32,215)**	-
Gain on fair value changes of investment properties		**17,535**	3,358,055
Release of reserve on acquisition upon revaluation of investment properties		**-**	(100,570)
Finance costs	6	**(22,242)**	(19,491)
		1,095,907	3,623,880
Share of results of associates		**(1,547)**	1,239
Share of results of jointly controlled entities		**11,008**	20,939
Profit before taxation	7	**1,105,368**	3,646,058
Taxation	8	**(484,369)**	(1,060,842)
Profit for the year		**620,999**	2,585,216
Attributable to:			
Shareholders of the Company		**451,986**	2,588,314
Minority interests		**169,013**	(3,098)
		620,999	2,585,216
Earnings per share (HK cents)	10		
- Basic		**34.12**	196.46
- Diluted		**34.10**	195.46

CONSOLIDATED BALANCE SHEET

	Notes	As at 31st December **2008** **HK$'000**	2007 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**6,112,800**	5,754,180
- Property, plant and equipment		**386,121**	382,271
Lease premium for land		**82,080**	502,057
Properties under development		**-**	34,732
Intangible asset		**-**	4,612
Goodwill		**33,288**	33,288
Deferred tax assets		**873**	2,027
Interests in associates		**34,897**	34,759
Interests in jointly controlled entities		**199,414**	182,889
Available-for-sale investments		**97,860**	151,807
		6,947,333	7,082,622
Current Assets			
Lease premium for land		**6,411**	21,979
Properties under development		**1,128,726**	491,342
Properties held for sale		**1,052,353**	959,319
Trade and other receivables and prepayments	11	**254,377**	230,170
Investments held for trading		**24,606**	78,413
Inventories		**23,372**	18,980
Tax recoverable		**28,250**	17
Cash and bank balances		**1,513,254**	1,647,321
		4,031,349	3,447,541
Current Liabilities			
Trade and other payables and accruals	12	**604,101**	733,146
Receipts in advance		**40,951**	869,024
Tax payables		**763,606**	353,531
Current portion of long-term bank borrowings		**192,809**	10,678
		1,601,467	1,966,379
Net Current Assets		**2,429,882**	1,481,162
Total Assets Less Current Liabilities		**9,377,215**	8,563,784

CONSOLIDATED BALANCE SHEET (continued)

	As at 31st December	
	2008	2007
	HK$'000	HK$'000
Capital and Reserves		
Share capital	**661,755**	658,710
Reserves	**7,191,851**	6,383,594
Equity attributable to shareholders of the Company	**7,853,606**	7,042,304
Minority interests	**339,306**	166,636
Total Equity	**8,192,912**	7,208,940
Non-Current Liabilities		
Long-term bank borrowings	**192,809**	363,054
Deferred tax liabilities	**991,494**	991,790
	1,184,303	1,354,844
	9,377,215	8,563,784

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, 2008.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 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 and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
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 HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendment)	Embedded Derivatives[7]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

[1]Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009
[2]Effective for annual periods beginning on or after 1st January, 2009
[3]Effective for annual periods beginning on or after 1st July, 2009
[4]Effective for annual periods beginning on or after 1st July, 2008
[5]Effective for annual periods beginning on or after 1st October, 2008
[6]Effective for transfers on or after 1st July, 2009
[7]Effective for annual periods ending on or after 30th June, 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the Group's annual reporting period beginning on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. 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 year ended 31st December, 2008 consist of the followings:

	2008	2007
	HK$'000	HK$'000
Revenue from sale of goods and properties	**2,155,101**	461,058
Revenue from rendering of services	**79,545**	158,433
Revenue from property rental and management fee	**81,336**	64,797
Total revenue	**2,315,982**	684,288
Gross proceeds from sale of securities	**70,950**	100,982
Gross proceeds from operations	**2,386,932**	785,270

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

Business segments

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

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	**81,336**	**2,091,432**	**63,669**	**79,545**	**70,950**	**-**	**-**	**2,386,932**
REVENUE								
External sales	**81,336**	**2,091,432**	**63,669**	**79,545**	**-**	**-**	**-**	**2,315,982**
Inter-segment sales	**15,173**	**-**	**79**	**-**	**-**	**-**	**(15,252)**	**-**
	96,509	**2,091,432**	**63,748**	**79,545**	**-**	**-**	**(15,252)**	**2,315,982**
RESULTS								
Segment results	**54,382**	**1,064,167**	**1,086**	**(5,034)**	**(32,739)**	**-**	**-**	**1,081,862**
Other income	**3,253**	**10,088**	**5,756**	**2,990**	**-**	**89,307**	**-**	**111,394**
Unallocated corporate expenses								**(75,107)**
Finance costs								**(22,242)**
								1,095,907
Share of results of associates	**-**	**-**	**-**	**553**	**-**	**(2,100)**	**-**	**(1,547)**
Share of results of jointly controlled entities	**-**	**(39)**	**-**	**11,047**	**-**	**-**	**-**	**11,008**
Profit before taxation								**1,105,368**
Taxation								**(484,369)**
Profit for the year								**620,999**

Inter-segment sales are charged at prevailing market prices.

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

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	64,797	407,866	53,192	158,433	100,982	-	-	785,270
REVENUE								
External sales	64,797	407,866	53,192	158,433	-	-	-	684,288
Inter-segment sales	6,506	-	25	-	-	-	(6,531)	-
	71,303	407,866	53,217	158,433	-	-	(6,531)	684,288
RESULTS								
Segment results	3,285,467	231,517	(4,944)	39,269	6,001	-	-	3,557,310
Other income	3,397	16,835	241	7,462	(22)	142,608	-	170,521
Unallocated corporate expenses								(84,460)
Finance costs								(19,491)
								3,623,880
Share of results of associates	-	-	-	(1,172)	-	2,411	-	1,239
Share of results of jointly controlled entities	-	32	-	20,907	-	-	-	20,939
Profit before taxation								3,646,058
Taxation								(1,060,842)
Profit for the year								2,585,216

Inter-segment sales are charged at prevailing market prices.

5. OTHER INCOME

	2008 HK$'000	2007 HK$'000
Other income included:		
Interest income	**25,219**	24,158
Net gain on disposal of property, plant and equipment and lease premium on land, net of written off	**23,404**	78
Gain on disposal of available-for-sale investments	**-**	90,631
Recycling of gain from equity on disposal of available-for-sale investments	**-**	3,946
Net exchange gain	**14,988**	11,622
Written back of allowance for bad and doubtful debts and bad debts recovery	**5,724**	-
Dividends from available-for-sale investments	**36,601**	32,765
Income from distribution of broadcasting right	**-**	1,970

6. FINANCE COSTS

	2008	2007
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**26,941**	33,003
Less: interest capitalised	**(4,699)**	(13,512)
	22,242	19,491

7. PROFIT BEFORE TAXATION

	2008	2007
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**24,971**	31,602
Amortisation of lease premium for land	**6,413**	6,496
Dividends from investments held for trading	**(1,371)**	(1,598)

8. TAXATION

	2008	2007
	HK$'000	HK$'000
The charge comprises:		
People's Republic of China (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	**142,228**	28,703
PRC Land Appreciation Tax	**349,555**	124,798
Hong Kong Profits Tax	**-**	13
(Overprovision) underprovision in prior years		
- PRC (other than Hong Kong) Enterprise Income Tax	**(2,000)**	114
- Hong Kong Profits Tax	**21**	-
	489,804	153,628
Increase in opening deferred tax balances resulting from an increase in the applicable tax rate	**-**	52,724
Deferred tax (credit) charge	**(5,435)**	854,490
Total tax charges for the year	**484,369**	1,060,842

8. TAXATION (continued)

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. No provision for Hong Kong Profits Tax has been made for 2008 as the Group's profit neither arose in, nor was derived from Hong Kong (2007: Hong Kong Profits Tax was calculated at 17.5% of the assessable profit for the year). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The domestic income tax rate is the income tax rate of the jurisdiction where the major operations of the Group are based. The major subsidiaries have their operations located in Pudong New Area, Shanghai, the PRC, and are subject to a tax rate of 18% (2007: 15%). 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 Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate from 15% to 25% with effect from 1st January, 2008. There will be a transition period for enterprises that currently receive preferential tax treatments granted by relevant tax authorities. Enterprises that are subject to a PRC income tax rate lower than 25% may continue to enjoy the lower PRC income tax rate and gradually transfer to the new PRC income tax rate within five years after the effective date of the New Law.

According to the New Law which was effective on 1st January, 2008, the income tax rate is 18% with effect from 1st January, 2008 and will be gradually increased to 25% in 5 years.

9. DIVIDENDS

The Directors recommend a payment of final dividend of 5.5 HK cents per share for the year ended 31st December, 2008 (2007: 5.5 HK cents) which is subject to approval by the shareholders in the forthcoming annual general meeting.

In June, 2008, a dividend of 5.5 HK cents per share amounting to approximately HK$72,760,000 in aggregate was paid to shareholders as the final dividend for 2007.

10. 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:

	2008	2007
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to shareholders of the Company for the purposes of basic earnings per share and diluted earnings per share	**451,986**	2,588,314
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,324,612,120**	1,317,470,088
Effect of dilutive potential ordinary shares - exercise of share options	**852,909**	6,763,896
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,325,465,029**	1,324,233,984

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The general credit terms of the Group given to trade customers are within 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 of HK$75,235,000 (2007: HK$46,320,000) and their aged analysis as at the balance sheet date is as follows:

	2008	2007
	HK$'000	HK$'000
0 – 3 months	**60,883**	38,816
4 – 6 months	**4,706**	104
7 – 12 months	**9,646**	6,794
over 1 year	**-**	606
	75,235	46,320

12. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$218,137,000 (2007: HK$259,858,000) and their aged analysis as at the balance sheet date is as follows:

	2008	2007
	HK$'000	HK$'000
0 – 3 months	**183,479**	228,633
4 – 6 months	**529**	10
7 – 12 months	**33**	4,863
over 1 year	**34,096**	26,352
	218,137	259,858

FINAL DIVIDEND

The Board recommends a payment of a final dividend of 5.5 HK cents per share for the year ended 31st December, 2008 (2007: 5.5 HK cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 5th June, 2009 (the "Record Date"). The shareholders will be given an option to elect to receive shares of the Company credited as fully paid in lieu of cash in respect of part or all of the final dividend (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the annual general meeting of the Company to be held on Friday, 5th June, 2009; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new share will be calculated as the average of the closing prices per share of the Company traded on the Stock Exchange for the five consecutive trading days up to and including the Record Date. A circular giving full details of the Scrip Dividend Scheme together with a form of election will be sent to the shareholders of the Company in due course. Dividend warrants and/or share certificates for the scrip dividend are expected to be despatched on or about Wednesday, 15th July 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 3rd June, 2009 to Friday, 5th June, 2009, both days inclusive, during which period no transfer of shares of the Company will be effected.

In order to qualify for the 2008 final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 2nd June, 2009 for registration.

GENERAL OVERVIEW

The Group reported a consolidated profit after taxation attributable to shareholders of the Company of approximately HK$451.99 million (2007: HK$2,588.31 million) and a basic earnings per share of HK$0.34 (2007: HK$1.96) for the year ended 31st December, 2008.

The decline in results for the year under review was principally related to a gain on fair value changes of investment properties of the Group credited in the financial statements of the Group for the year 2007 pursuant to the applicable accounting standards. As stated in the annual report of the Company for the year ended 31st December, 2007, two out of four blocks of residential towers of a prime residential development project of the Group in the mainland China, Tomson Riviera, were classified for investment purpose. A significant net gain on fair value change of approximately HK$3,252.54 million was recorded in 2007 as the said two blocks of investment properties were measured at their fair value in the financial statements of the Group for the year 2007 instead of being stated at book cost when being classified as properties under development in previous financial statements according to the applicable accounting standards. The said gain on fair value change arisen from the change of classification could only be recognized once.

If the changes in fair value of investment properties were disregarded, the Group's profit before taxation for the year ended 31st December, 2008 would amount to approximately HK$1,087.83 million (2007: 388.57 million). The improvement in the profit before taxation for the year under review was mainly attributable to recognition of a huge amount of sale proceeds from property development projects in Shanghai in 2008 and the total gross proceeds from operations of the Group for the year under review increased substantially to approximately HK$2,386.93 million (2007: HK$785.27 million).

On the other hand, a net loss in securities investments held for trading of approximately HK$32.60 million and an impairment loss on long-term securities investments of approximately HK$32.22 million were recorded during the year under review as a result of a decline in global stock markets in 2008. Nevertheless, investment in long-term equity securities of the Group made a contribution of approximately HK$36.60 million to the results of the Group for the year ended 31st December, 2008 by way of dividend receipt.

In addition, the Group shared a net profit of its associates and jointly controlled entities of approximately HK$9.46 million for the year 2008.

OPERATIONS REVIEW

Operation base of the Group remains in mainland China and property development and investment in Shanghai was the major source of profit for the year under review.

During the year 2008, property development and trading was not only the principal revenue generator but also the prime profit maker of the Group and recorded a contribution of approximately HK$1,074.26 million. Property investment was the second profit contributor to the Group and delivered a profit of approximately HK$57.64 million to the Group's annual results. Though leisure activities reported an operating loss of approximately HK$2.04 million, the Group shared a profit of approximately HK$11.05 million from its hotel operation for 2008. Suffering from the downturn of the stock market in Hong Kong last year, securities trading activities of the Group have dropped and recorded an operating loss of approximately HK$32.74 million, nevertheless, the Group received dividends from its long-term equity investments of approximately HK$36.60 million during the year under review. On the other hand, industrial operations made a contribution of approximately HK$6.84 million to the Group's annual results for 2008.

Property Development and Investment

Property development and investment is no doubt the core business of the Group and generated total revenue of approximately HK$2,172.77 million for the year ended 31st December, 2008. Property development accounted for approximately 88% of the gross proceeds from operations of the Group while property investment accounted for approximately 3%. Sale of Tomson Riviera Garden was the principal revenue generator.

Tomson Riviera Garden

Tomson Riviera Garden is the latest residential project of the Group on a site adjacent to Tomson Shanghai Pudong Golf Club in Huamu District of Pudong, Shanghai and is being developed by two phases. The Group holds a 70% interest in the project. Phase 1 comprises 172 residential units and of its total residential gross floor area for sale in value of around 52,900 square meters, over 90% were sold. Upon completion of construction in 2008, sale proceeds from Phase 1 were recognized in the annual results of the Group for the year under review and accounted for approximately 84%, being the major source, of the gross proceeds from operations of the Group for the year.

Phase 2 of the residential project will provide around 120 units of single houses or townhouses of a total residential gross floor area for sale in value of approximately 38,300 square meters. Construction of the townhouses commenced in August 2008 and it is scheduled to start construction of the single houses in the end of April 2009. The whole Phase 2 is targeted for completion around 2010 and the townhouses will be launched for pre-sale in April 2009.

Tomson Riviera

Tomson Riviera, a valuable residential development of the Group along the riverfront of Pudong and overlooking the Bund, 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.

Tomson Riviera **(continued)**

For the year ended 31st December, 2008, revenue from sale and leasing of the project accounted for nearly 4% of the total gross proceeds from operations of the Group and the leasing rate is improving. The management will endeavour to promote Tomson Riviera for both sale and leasing purposes.

Tomson Golf Villas and Garden

Tomson Golf Villas and Garden are the first two residential projects of the Group developed around the periphery of Tomson Shanghai Pudong Golf Club. There are altogether seven phases of Tomson Golf Villas in addition to a development of apartment houses, namely Tomson Golf Garden. Only a few units of these projects are now available for sale.

Xingguo Garden

Apart from holding less than 10 car parks for sale, all the residential gross floor area of Xingguo Garden, the sole residential development of the Group in Puxi, has already been sold out.

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, provided a steady recurrent revenue to the Group and accounted for approximately 3% of the gross proceeds from operations of the Group for the year under review.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club

Tomson Shanghai Pudong Golf Club generated revenue of approximately HK$79.55 million, being 3% of the gross proceeds from operations of the Group, for the year under review. It was a sharp decline in revenue as compared with the last corresponding period in 2007 and reported an operating loss of approximately HK$2.04 million for the year 2008. Performance of both golfing activities and sale of membership debentures have shown a regression under the impact of the adverse global economic environment.

Having BMW Asian Open run in the Golf Club for consecutive five years since 2004, the Golf Club will not participate in such international tournament in 2009 and 2010 for renovation. The renovation project started in June 2008 and will be carried out by phases so as to strengthen the competitiveness of the Golf Club.

Hotel Inter-Continental Pudong Shanghai

For the year ended 31st December, 2008, the Group shared a profit of approximately HK$11.05 million from Hotel Inter-Continental Pudong Shanghai in which it holds a 50% interest. The hotel operation achieved an average occupancy rate of 58% in 2008. The operation results was affected by the restriction of foreign visitors to the mainland China during the organization of Olympic Games and the global financial crisis in the second half of 2008. The hotel is now being undergone a renovation programme to upgrade its quality.

Industrial Operations

To complement its principal investment in property sector, the Group holds a 58% interest in an operation of manufacturing PVC pipes and fittings in Shanghai. Though a reduction in gross profit margin, the operation accounted for approximately 3% of the gross proceeds from operations of the Group and reported a profit of approximately HK$6.84 million for the year ended 31st December, 2008 after taking account of a write back of an allowance for bad and doubtful debts and an increase in turnover.

The Group has entered into an agreement to dispose of its entire interest in an operation of manufacturing ready-mixed concrete in Shanghai in 2008 and completion is expected in the first half of 2009.

Securities Trading

The Group has invested in various listed securities in Hong Kong to diversify its business portfolio and maximize its return to cash balance. Securities trading of the Group accounted for approximately 3% of the gross proceeds from operations of the Group for the year under review. A net loss in securities investments held for trading of approximately HK$32.60 million was however recorded after taking into account an unrealized loss on changes in fair value of those investments owing to a downturn in the global securities market 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 mainland China. Both companies are principally engaged in property development and investment in Zhangjiang Hi-Tech Park, Pudong, Shanghai. Dividends of approximately HK$36.60 million were received in 2008, however, an impairment loss on long-term securities investments of approximately HK$32.22 million was recorded during the year under review as a result of a decline in the stock markets in 2008.

FINANCIAL REVIEW

Liquidity and Financing

The Group’s capital expenditure and investments for the year ended 31st December, 2008 were funded by cash on hand and income from investing activities.

Liquidity and Financing (continued)

At the balance sheet date, the cash and cash equivalents of the Group amounted to approximately HK$1,513.25 million. During the year under review, the Group achieved a net cash inflow of approximately HK$105.98 million from its investing activities. After taking into account a net cash outflow of approximately HK$241.38 million and HK$77.24 million used in its operating and financing activities respectively, the Group recorded a net cash outflow of approximately HK$212.64 million for the year under review (2007: net cash inflow of HK$576.50 million). The net cash outflow was mainly attributable to a payment in respect of properties under development in Shanghai during the year.

The Group's borrowings as at 31st December, 2008 amounted to approximately HK$385.62 million (2007: HK$373.73 million), equivalent to 4.91% (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% of those borrowings were subject to a fixed interest rate while the rest was on a floating rate basis. Of those borrowings, 50% were due for repayment within one year from the balance sheet date, 3% were repayable more than one year but not exceeding two years from the balance sheet while the rest was due for repayment more than two years but within five years from the balance sheet date.

At the balance sheet date, the Group's capital commitments in relation to expenditure on properties under development, which were contracted but not provided for, amounted to approximately HK$145.09 million (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.

As at 31st December, 2008, the Group recorded a current ratio of 2.52 times (2007: 1.75 times) and a gearing ratio (total liabilities to equity attributable to the shareholders of the Company) of 35.47% (2007: 47.16%). The improvement in the current ratio was mainly resulted from an addition of properties under development as current assets during the year under review while the gearing ratio was improved mainly because of recognition of pre-sale proceeds of Tomson Riviera Garden, which had been classified as current liabilities in the financial statements of the Group for 2007, upon its completion in 2008.

Charge on Assets

As at 31st December, 2008, assets of the Group with an aggregate carrying value of approximately HK$887.30 million (2007: HK$1,442.84 million) were pledged to banks to secure 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.

Contingent Liabilities

As at 31st December, 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

Global economic environment is unavoidably affected by financial market meltdown in the second half of 2008 but the Board has confidence in the sustainable economic growth in the mainland China. The Group will continue to devote resources in the property development and investment sector in Shanghai. Tomson Riviera Garden and Tomson Riviera will be two key sources of cash inflow of the Group in 2009, however, pre-sale proceeds from Phase 2 of Tomson Riviera Garden will not make any contribution to the results of the Group for the year 2009 as it may only be recognized in 2011 after completion according to the applicable accounting standards. On the other hand, the management will actively explore other profitable investment opportunities to diversify the business portfolio and to strengthen the financial position of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, the Company repurchased a total of 6,150,000 shares of HK$0.50 each in its issued capital on the Stock Exchange at an aggregate consideration before expenses of approximately HK$9.07 million.

The repurchases of the Company's shares were made pursuant to general mandates granted to the Board by the shareholders of the Company at the 2007 and 2008 annual general meetings 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.

The repurchases were made as the shares of the Company were trading at a substantial discount to their underlying net asset value, so it would enhance the Company's net asset value per share and earnings per share for the benefit of the Company and its shareholders as a whole.

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 year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has reviewed the Company's corporate governance practices and considers that the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31st December, 2008, except that:

(a) Madam Hsu Feng takes up both the posts of Chairman of the Board and Managing Director of the Company. While this is a deviation from the Code, dual role leadership provides the Group with a strong and consistence leadership and allows for more effective operation of the business. 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. Besides, all major decisions are made in consultation with members of the Board and appropriate committees of the Board;

(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 as required in the Code. 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 had occupied herself with other commitments of the Group and was not available to attend the annual general meeting of the Company for 2008 pursuant to the Code, 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 ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2008

This annual results announcement is published on the 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 Annual Report 2008 of the Company will be available on both websites and despatched to the shareholders on or before Thursday, 30th April, 2009.

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

Hong Kong, 7th April, 2009

As at the date of this announcement, the Board of the Company comprises four executive Directors, Madam Hsu Feng (Chairman and Managing Director), Mr Tong Albert (Vice-Chairman), Mr Tong Chi Kar Charles 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.