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, 2009

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, 2009 together with comparative figures for the corresponding year of 2008 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31st December **2009** **HK$'000**	2008 HK$'000
Gross proceeds from operations	4&5	**703,475**	2,386,932
Revenue	4	**661,113**	2,315,982
Cost of sales		**(181,861)**	(870,253)
Gross profit		**479,252**	1,445,729
Net gain (loss) in investments held for trading		**23,722**	(32,599)
Other income	6	**24,499**	67,278
Other gains and losses		**5,406**	39,504
Selling expenses		**(121,817)**	(262,953)
Administrative expenses		**(147,740)**	(124,130)
Impairment loss on available-for-sale investments		**-**	(32,215)
Net gain on disposal/fair value changes of investment properties		**2,950,178**	17,535
Finance costs	7	**(21,700)**	(22,242)
		3,191,800	1,095,907
Share of results of associates		**(2,017)**	(1,547)
Share of results of jointly controlled entities		**1,063**	11,008
Profit before taxation	8	**3,190,846**	1,105,368
Taxation	9	**(1,798,059)**	(484,369)
Profit for the year		**1,392,787**	620,999
Profit for the year attributable to:			
Owners of the Company		**1,387,406**	451,986
Minority interests		**5,381**	169,013
		1,392,787	620,999
Earnings per share (HK cents)	11		
- Basic		**103.96**	34.12
- Diluted		**103.79**	34.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31st December	
	2009	2008
	HK$'000	HK$'000
Profit for the year	**1,392,787**	620,999
Other comprehensive (expenses) income		
Exchange differences arising from translation of:		
- jointly controlled entities	**247**	11,250
- other foreign operation	**11,279**	436,769
Gain (loss) on changes in fair value of available-for-sale investments	**34,772**	(53,947)
Share of other comprehensive income of associates	**73**	1,749
Reclassification adjustments:		
- Impairment loss on available-for-sale investments	-	32,215
- Release from reserve on acquisition upon sale of properties held for sale	**1,681**	841
- Release of exchange differences upon:		
- dissolution of a subsidiary	**(6,084)**	-
- dissolution of a jointly controlled entity	**(5,563)**	-
- disposal of an associate	**735**	-
Other comprehensive income for the year	**37,140**	428,877
Total comprehensive income for the year	**1,429,927**	1,049,876
Total comprehensive income attributable to:		
Owners of the Company	**1,424,017**	870,581
Minority interests	**5,910**	179,295
	1,429,927	1,049,876

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December **2009** HK$'000	2008 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**5,544,960**	6,112,800
- Property, plant and equipment		**380,164**	386,121
Lease premium for land		**249,420**	82,080
Goodwill		**33,288**	33,288
Deferred tax assets		**2,090**	873
Interests in associates		**32,086**	34,897
Interests in jointly controlled entities		**159,930**	199,414
Available-for-sale investments		**132,632**	97,860
		6,534,570	6,947,333
Current Assets			
Lease premium for land		**6,426**	6,411
Properties under development		**2,441,348**	1,128,726
Properties held for sale		**3,281,518**	1,052,353
Trade and other receivables and prepayments	12	**283,370**	254,377
Investments held for trading		**80,387**	24,606
Inventories		**23,001**	23,372
Prepaid income tax		**142,868**	28,250
Cash and bank balances		**2,728,657**	1,513,254
		8,987,575	4,031,349
Current Liabilities			
Trade and other payables and accruals	13	**636,560**	604,101
Receipts in advance		**1,590,247**	40,951
Tax payables		**1,335,746**	763,606
Current portion of long-term bank borrowings		**11,360**	192,809
		3,573,913	1,601,467
Net Current Assets		**5,413,662**	2,429,882
Total Assets Less Current Liabilities		**11,948,232**	9,377,215

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31st December	
	2009	2008
	HK$'000	HK$'000
Capital and Reserves		
Share capital	**673,769**	661,755
Reserves	**8,592,023**	7,191,851
Equity attributable to owners of the Company	**9,265,792**	7,853,606
Minority interests	**344,539**	339,306
Total Equity	**9,610,331**	8,192,912
Non-Current Liabilities		
Long-term bank borrowings	**319,209**	192,809
Deferred tax liabilities	**2,018,692**	991,494
	2,337,901	1,184,303
	11,948,232	9,377,215

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, 2009.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

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

HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the consolidated financial statements, and changes in the format and contents of the consolidated financial statements. HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see Note 5). However, it resulted the changes in the basis of measurement of segment revenue.

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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

[1]Effective for annual periods beginning on or after 1st July, 2009
[2]Effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate
[3]Effective for annual periods beginning on or after 1st January, 2010
[4]Effective for annual periods beginning on or after 1st February, 2010
[5]Effective for annual periods beginning on or after 1st July, 2010
[6]Effective for annual periods beginning on or after 1st January, 2011
[7]Effective for annual periods beginning on or after 1st January, 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is 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.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st January, 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The Directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

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

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE (continued)

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.

Revenue and gross proceeds from each type of business for the year ended 31st December, 2009 consist of the followings:

	2009	2008
	HK$'000	HK$'000
Revenue from sale of properties	**419,898**	2,091,432
Revenue from sale of goods	**43,868**	63,669
Revenue from rendering of services from golf club operations	**90,257**	79,545
Revenue from property rental and management fee	**107,090**	81,336
Revenue	**661,113**	2,315,982
Gross proceeds from sale of securities	**42,362**	70,950
Gross proceeds from operations	**703,475**	2,386,932

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. However, the adoption of HKFRS 8 has changed the basis of measurement of the segment revenue.

In prior years, segment information reported externally was analysed on the basis of the types of business which is the same as information reported to the chief operating decision maker. In addition to those set out in Note 4(i) to (iv), the Group's reportable segments under HKFRS 8 include securities trading segment which is dealing in investments held for trading.

5. SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue and results by reportable segments. Amounts reported for the prior periods had been restated to conform to the requirements of HKFRS 8.

2009

	Property Investment HK$'000	**Property Development and Trading HK$'000**	**Industrial Operations HK$'000**	**Leisure HK$'000**	**Securities Trading HK$'000**	**Total HK$'000**
GROSS PROCEEDS FROM OPERATIONS – SEGMENT REVENUE	**107,090**	**419,898**	**43,868**	**90,257**	**42,362**	**703,475**
RESULTS						
Segment profit (loss)	**2,995,681**	**216,182**	**(4,302)**	**(13,499)**	**23,497**	**3,217,559**
Other unallocated income						**36,878**
Unallocated expenses						**(40,937)**
Finance costs						**(21,700)**
						3,191,800
Share of results of associates						**(2,017)**
Share of results of jointly controlled entities						**1,063**
Profit before taxation						**3,190,846**

2008

	Property Investment HK$'000	Property Development and Trading HK$'000	Industrial Operations HK$'000	Leisure HK$'000	Securities Trading HK$'000	Total HK$'000
GROSS PROCEEDS FROM OPERATIONS – SEGMENT REVENUE	81,336	2,091,432	63,669	79,545	70,950	2,386,932
RESULTS						
Segment profit (loss)	54,798	1,064,060	6,501	(5,034)	(32,739)	1,087,586
Other unallocated income						105,670
Unallocated expenses						(75,107)
Finance costs						(22,242)
						1,095,907
Share of results of associates						(1,547)
Share of results of jointly controlled entities						11,008
Profit before taxation						1,105,368

5. SEGMENT INFORMATION (continued)

Except for the presentation of segment revenue which is different from the reported revenue in the consolidated income statement, the accounting policies of the reportable segments are the same as the Group's accounting policies. For the details of revenue from each type of business and reconciliation of segment revenue to the Group's revenue of HK$661,113,000 (2008: HK$2,315,982,000), please refer to Note 4.

There are inter-segment sales in the segments of Property Investment and Industrial Operations. However, as the amount is immaterial, the relevant information is not regularly provided to chief operating decision maker for review.

Segment profit (loss) represents the results by each segment without allocation of central administration costs, directors' salaries, share of results of associates and jointly controlled entities, other non-recurring income and expenses and finance costs. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

Geographical Information

The Group's operations, assets and revenue are substantially situated in or derived from the mainland China. The Group's revenue of property investment and property development and trading from external customers is based on location of properties sold and leased out. Revenue of industrial operations from external customers is based on the location of customers. Revenue of leisure from external customers is based on the location of services provided.

Analysis of Group's revenue by each type of business is set out in Note 4.

6. OTHER INCOME

	2009	2008
	HK$'000	HK$'000
Other income included:		
Interest income	**16,808**	25,219
Dividends from available-for-sale investments - listed	**2,557**	5,114
Dividends from available-for-sale investments - unlisted	**-**	31,487

7. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**25,540**	26,941
Less: interest capitalised	**(3,840)**	(4,699)
	21,700	22,242

8. PROFIT BEFORE TAXATION

	2009	2008
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**25,133**	24,971
Amortisation of lease premium for land (included in administrative expenses)	**6,425**	6,413
Net loss (gain) on disposal of property, plant and equipment, net of written off	**828**	(23,404)
Dividend from investment held for trading (included in net gain (loss) in investments held for trading)	**(454)**	(1,371)
Bad debts written off and allowance (written back) for bad and doubtful debts	**6,145**	(5,724)
Gain on disposal of an associate	**(3,185)**	-
Net gain on disposal of investment properties (included in net gain on disposal/fair value changes of investment properties)	**(92,557)**	-

9. TAXATION

	2009	2008
	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	**145,108**	142,228
PRC Land Appreciation Tax	**626,397**	349,555
Dividend withholding tax	**517**	-
Underprovision (overprovision) in prior period		
- PRC (other than Hong Kong) Enterprise Income Tax	**209**	(2,000)
- Hong Kong Profits Tax	**1**	21
	772,232	489,804
Deferred tax charge (credit)	**1,025,827**	(5,435)
Total tax charges for the year	**1,798,059**	484,369

The Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%). No tax is payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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 transitional 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.

9. TAXATION (continued)

The major subsidiaries have their operations located in Pudong New Area, Shanghai, the PRC, according to the New Law which was effective on 1st January, 2008, the income tax rate was 18% with effect from 1st January, 2008 and will be gradually increased to 25% in 5 years. The income tax rate for the year ended 31st December, 2009 is 20%.

10. DIVIDEND

The Directors recommend a payment of special dividend of 13.5 HK cents per share (2008: final dividend of 5.5 HK cents per share) amounting to approximately HK$181,918,000 (2008: HK$72,793,000) for the year ended 31st December, 2009 which is subject to approval by the shareholders in the forthcoming annual general meeting.

Of the dividend paid during the year, approximately HK$56,630,000 was settled in shares under the Company's scrip dividend scheme approved by the Company on 5th June, 2009 in respect of the final dividend of the year ended 31st December, 2008.

11. EARNINGS PER SHARE

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

	2009 **HK$'000**	2008 HK$'000
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share and diluted earnings per share	**1,387,406**	451,986
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,334,514,045**	1,324,612,120
Effect of dilutive potential ordinary shares - share options	**2,233,136**	852,909
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,336,747,181**	1,325,465,029

12. 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$26,638,000 (2008: HK$75,235,000) and their aged analysis as at the end of the reporting period is as follows:

	2009	2008
	HK$'000	HK$'000
0 – 3 months	**17,309**	60,883
4 – 6 months	**7,209**	4,706
7 – 12 months	**2,120**	9,646
	26,638	75,235

13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$203,963,000 (2008: HK$218,137,000) and their aged analysis as at the end of the reporting period is as follows:

	2009	2008
	HK$'000	HK$'000
0 – 3 months	**7,770**	183,479
4 – 6 months	**445**	529
7 – 12 months	**624**	33
over 1 year	**195,124**	34,096
	203,963	218,137

SPECIAL DIVIDEND

The Board recommends a payment of a special dividend of 13.5 HK cents per share for the year ended 31st December, 2009 (2008: final dividend of 5.5 HK cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 4th June, 2010 (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 special dividend (the "Scrip Dividend Scheme").

The payment of the special dividend and the Scrip Dividend Scheme will be subject to (i) the approval of the proposed special dividend at the annual general meeting of the Company to be held on the Record Date; 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 under the Scrip Dividend Scheme, 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 Tuesday, 29th June, 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 2nd June, 2010 to Friday, 4th June, 2010, both days inclusive, during which period no transfer of shares of the Company will be effected.

In order to qualify for the proposed 2009 special 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, 1st June, 2010 for registration.

GENERAL OVERVIEW

The Group is delighted to report a consolidated profit after taxation attributable to shareholders of the Company of approximately HK$1,387.41 million (2008: HK$451.99 million) and a basic earnings per share of HK$1.04 (2008: HK$0.34) for the year ended 31st December, 2009.

The progress in results for the year under review was principally attributable to a gain on fair value changes of investment properties of the Group of approximately HK$2,857.62 million (2008: HK$17.54 million). If the changes in fair value of the investment properties were disregarded, the Group's profit before taxation for the year ended 31st December, 2009 would amount to approximately HK$333.23 million (2008: HK$1,087.83 million). There was a decline in the profit before taxation of the Group for the year under review since lesser revenue from sale of properties in Shanghai, the PRC could be recognized in 2009 while an enormous amount of sale proceeds from Phase 1 of Tomson Riviera Garden had been recognized in 2008 upon its completion of construction.

On the other hand, there was a sharp increase in taxation of the Group for the year ended 31st December, 2009 to approximately HK$1,798.06 million (2008: HK$484.37 million), mainly attributable to a provision for land appreciation tax of approximately HK$626.40 million (2008: HK$349.56 million) in respect of property development projects and a deferred tax charge of approximately HK$1,184.45 million (2008: HK$4.38 million) in respect of revaluation of investment properties of the Group in the PRC.

OPERATIONS REVIEW

Property development and investment in Shanghai, the PRC was the core business and the major source of profit of the Group for the year ended 31st December, 2009.

During the year of 2009, property investment became the primary profit maker of the Group and recorded a contribution of approximately HK$2,995.68 million (2008: HK$54.80 million) while property development and trading was the second profit contributor to the Group and delivered a profit of approximately HK$216.18 million (2008: HK$1,064.06 million) to the Group's annual results. Securities trading activities of the Group ranked the third in term of profit contribution amongst the operating segments of the Group during the year under review and recorded a profit of approximately HK$23.50 million (2008: loss of approximately HK$32.74 million) while the Group received dividends from its long-term equity investments of approximately HK$2.56 million (2008: HK$36.60 million) during the same period.

On the other hand, leisure activities of the Group reported a loss of approximately HK$13.50 million (2008: HK$5.03 million) while the Group shared a profit of approximately HK$1.06 million (2008: HK$11.05 million) from its hotel operation for 2009. In addition, industrial operations recorded a loss of approximately HK$4.30 million (2008: profit of approximately HK$6.50 million) to the Group's annual results for 2009.

Property Development and Investment

Property development and investment in Shanghai, being the principal activity of the Group, generated total revenue of approximately HK$526.99 million and accounted for 75% of the gross proceeds from operations of the Group for the year ended 31st December, 2009. In addition, a net gain on disposal and fair value changes of the investment properties of the Group of approximately HK$2,950.18 million was recorded during the year under review. Tomson Riviera was the prime revenue generator and source of profit of the Group in 2009.

Tomson Riviera

Tomson Riviera is the key residential development of the Group and comprises four residential towers erected along the riverfront of Lujiazui of Pudong and overlooking the Bund. There is a total residential gross floor area of approximately 117,400 square meters. In view of favourable market sentiment in the luxury property market, the Board has adjusted its business strategy about Tomson Riviera. In addition to Tower A, the Group began to launch Tower C, providing relatively smaller units in the project, for sale in the second half of June 2009 and substantial re-decoration works in Tower C were carried out in the second half of 2009 for further upgrading its quality. In this connection, apart from Tower B being earmarked as investment property for leasing purpose, all the unsold units of the three other residential towers are now classified as properties held for sale.

For the year ended 31st December, 2009, recognized revenue from sale and leasing of the project amounted to approximately HK$289.98 million and accounted for approximately 41% of the total gross proceeds from operations of the Group. In addition, a net gain on disposal and fair value change of Tomson Riviera of approximately HK$2,941.48 million was recorded during the year under review, of which a gain on disposal of certain units of Tower C, being classified as investment property at the time of sale according to the accounting standards, amounted to approximately HK$92.50 million. Besides, a sale deposit of the project of approximately HK$204.99 million was credited at the year end date of 2009 and is expected to be recognized in the results of the Group in 2010.

As at 31st December, 2009, approximately 38% of the residential gross floor area of Towers A and C were sold and approximately 44% of the residential gross floor area of Tower B was leased. Additional sales and leases were recorded in the first quarter of 2010.

Tomson Riviera Garden

Tomson Riviera Garden, a low-rise residential project of the Group adjacent to Tomson Shanghai Pudong Golf Club in Huamu District of Pudong, is being developed by two phases. The Group holds a 70% interest in the project.

Construction of Phase 1 of the project was completed and all the 172 residential units of a total residential gross floor area for sale in value of around 52,900 square meters were sold. Sale proceeds from Phase 1 of the project of approximately HK$126.92 million were recognized in the annual results of the Group for the year of 2009 and accounted for approximately 18% of the gross proceeds from operations of the Group for the year under review.

Phase 2 of the residential project comprises 103 units of townhouses and 16 units of single houses of a total residential gross floor area for sale in value of approximately 36,700 square meters. Construction of Phase 2 is scheduled for completion in 2010. All the townhouses were pre-sold in 2009 and the management is planning to launch the single houses for pre-sale at appropriate time in 2010.

As at 31st December, 2009, a sum of receipts in advance of approximately HK$1,340.22 million was credited to the Group and will be recognized in the annual results of the Group for the year of 2010 subject to the schedule of handover after completion of the construction.

On the other hand, a commercial property of gross floor area of approximately 6,100 square meters is being constructed and was pre-sold in March 2010. Sale proceeds of approximately HK$220 million are expected to be recognized in the annual results of the Group for the year of 2010.

Tomson Golf Villas and Garden

Tomson Golf Villas and Garden have been developed by phases around the periphery of Tomson Shanghai Pudong Golf Club since 1996. During the year ended 31st December, 2009, sale proceeds generated from these two projects accounted for approximately 3% of the total gross proceeds from operations of the Group. 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 11% of the gross proceeds from operations of the Group for the year under review.

Land at Jinqiao-Zhangjiang District

The Company obtained the shareholders' approval on a supplemental agreement in respect of an acquisition of land use rights of a plot of land located at Jinqiao-Zhangjiang District, Pudong at an extraordinary general meeting of the Company held in June 2009. Completion of the acquisition is conditional upon the confirmation and approval of the filings of relevant documents to the relevant government department in the PRC which have not been obtained. Meanwhile, the parties to the supplemental agreement are in the course of restructuring the terms of the transaction, which, if consummated, may constitute a connected transaction for the Company and an announcement will be made by the Company in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") accordingly.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club

Tomson Shanghai Pudong Golf Club generated revenue of approximately HK$90.26 million, being about 13% of the gross proceeds from operations of the Group, for the year under review. Performance of both golfing activities and sale of membership debentures has shown an improvement and the operation is a steady source of revenue to the Group. The operation recorded a sound increase in revenue in 2009, however, after taking into account a provision for land use tax for the golf course, a loss of approximately HK$13.50 million for the year of 2009 was reported.

Hotel Inter-Continental Pudong Shanghai

Hotel Inter-Continental Pudong Shanghai, situated in Lujiazui of Pudong, Shanghai, continued to experience pressure on occupancy and achieved an average occupancy rate of 54% in 2009. There was a drop in the revenue and profit of the hotel operation under the serious impact from the global financial turmoil and Human Swine influenza as well as fierce competition arisen from an increased supply of high-grade hotels for catering for Shanghai World Expo 2010. In this connection, the Group, having a 50% interest in the hotel, only shared a thin profit of approximately HK$1.06 million from the hotel operation.

Industrial Operations

To complement its principal investment in the property sector, the Group holds a 58% interest in an operation of manufacturing PVC pipes and fittings in Shanghai. The manufacturing operation accounted for approximately 6% of the gross proceeds from operations of the Group for the year ended 31st December, 2009. Suffering from a reduction of export under the impact of the worldwide financial crises and relinquishing certain long-distance markets due to increasing transportation cost, the turnover of the operation dropped during the year under review. Though there was a rise in gross profit margin and the operation made an operating profit, it reported a loss of approximately HK$4.30 million during the year of 2009 after taking account of a provision for bad and doubtful debts.

On the other hand, the Group has completed a disposal of its entire interest in an operation of manufacturing ready-mixed concrete in Shanghai and a gain of approximately HK$3.19 million was recognized in 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 6% of the gross proceeds from operations of the Group for the year under review. Taking into account an unrealized gain on changes in fair value of the trading securities of approximately HK$19.04 million, the segment of securities trading of the Group reported a net gain of approximately HK$23.50 million for the year under review.

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 PRC. Both companies are principally engaged in property development and investment in Zhangjiang Hi-Tech Park, Pudong, Shanghai. Dividends of approximately HK$2.56 million were received and a gain on changes in fair value of the long-term securities investments of approximately HK$34.77 million was credited to the investment reserve of the Group during the year under review.

FINANCIAL REVIEW

Liquidity and Financing

The Group's capital expenditure and investments for the year ended 31st December, 2009 were funded by cash on hand, operating revenue and income from investing activities.

At the end of the reporting period, the cash and cash equivalents of the Group amounted to approximately HK$2,728.66 million. During the year under review, the Group achieved a net cash inflow of approximately HK$134.38 million and HK$1,147.38 million from its operations and investing activities respectively. After taking into account a net cash outflow of approximately HK$68.17 million from its financing activities, the Group recorded a net cash inflow of approximately HK$1,213.59 million for the year under review (2008: net cash outflow of approximately HK$212.64 million). The net cash inflow in 2009 was mainly attributable to the sale proceeds and deposits from sale of property development projects of the Group in Shanghai.

The Group maintains a conservative approach in financing and treasury management and did not employ any financial instruments. The Group's borrowings as at 31st December, 2009 amounted to approximately HK$330.57 million (2008: HK$385.62 million), equivalent to 3.57% (2008: 4.91%) of the equity attributable to owners of the Company at the same date. All of the borrowings were bank loans under security and were subject to floating interest rates. Of those borrowings, 3% were due for repayment within one year from the end of the reporting period, 21% were repayable more than one year but not exceeding two years from the end of the reporting period while the rest was due for repayment more than two years but within five years from the end of the reporting period.

At the end of the reporting period, the Group's capital commitments in relation to expenditure on properties under development, which were contracted but not provided for, amounted to approximately HK$431.68 million (2008: HK$145.09 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, 2009, the Group recorded a current ratio of 2.51 times (2008: 2.52 times) and a gearing ratio (total liabilities to equity attributable to the owners of the Company) of 63.80% (2008: 35.47%). There was no significant change in the current ratio. The sharp rise in the gearing ratio was mainly resulted from an increase in receipts in advance regarding the pre-sale deposits of Tomson Riviera Garden, which was classified under current liabilities in the financial statements, and an increase in provision for both current income tax and deferred taxation, resulted from the gain on disposal and fair value changes of the investment properties of the Group, during the year.

Charge on Assets

As at 31st December, 2009, assets of the Group with an aggregate carrying value of approximately HK$736.54 million (2008: HK$887.30 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 on 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, 2009, 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

The Central Government of the PRC has recently shown grave concern on the property sector and promulgated a number of measures to regulate market activities, it is believed that it will foster healthy growth of the real estate market of the PRC in long run. In addition, the Board is optimistic to the sustainable economic growth of the PRC though there is doubt whether the global economy has been recovered yet. In view of growing wealth and demand for better living condition in the PRC, the Group has faith in the demand for high-end residence and will keep focusing on luxury residential market therein.

Tomson Riviera and Tomson Riviera Garden will be the key projects and the principal sources of profit of the Group in 2010. Apart from continuing the investment in Shanghai, the Group will closely monitor the market development of the real estate market in the PRC and expand its property development and investment business to other cities in the PRC with growth potential at appropriate time.

Under the current macro-economic situation, the management will be cautious to manage the Group's existing business segments and also 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 ended 31st December, 2009, there was no purchase, sale or redemption made by the Company, or any of its subsidiaries, of the Company's listed securities.

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 Listing Rules throughout the year ended 31st December, 2009, 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 consistent 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 or appropriate committees of the Board;

(b) none of the existing independent non-executive Directors of the Company are appointed for a specific term, nevertheless, they are subject to retirement and re-election at regular intervals at annual general meetings according to the Articles of Association of the Company (the "Articles"); and

(c) the Directors of the Company had not been subject to retirement by rotation at least once every three years, in contrast to the code provisions of the Code, until amendments to the Articles were approved at the annual general meeting of the Company held on 5th June, 2009 and the relevant code provision has been complied since then.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR OF 2009

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 2009 of the Company will be available on both websites and despatched to the shareholders of the Company on or before Friday, 30th April, 2010.

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

Hong Kong, 13th April, 2010

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.