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, 2013

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 (collectively the "Group") for the six months ended 30th June, 2013 together with comparative figures for the corresponding period of 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Unaudited)

	Notes	**Six months ended 30th June** **2013** **HK$'000**	2012 HK$'000
Gross proceeds from operations	4&5	**316,861**	470,820
Revenue	4	**286,317**	229,462
Cost of sales		**(83,297)**	(61,657)
Gross profit		**203,020**	167,805
Other income		**92,581**	44,468
Gain on fair value changes of investment properties		**35,150**	40,270
Net gain in investments held for trading		**11,587**	22,928
Selling expenses		**(65,939)**	(79,849)
Administrative expenses		**(105,829)**	(97,931)
Other gains and losses	6	**470**	(2,537)
Finance costs	7	**(76,634)**	(78,669)
		94,406	16,485
Share of results of associates		**(742)**	(276)
Share of results of joint ventures		**1,921**	875
Profit before taxation	8	**95,585**	17,084
Taxation	9	**(49,780)**	(33,852)
Profit (loss) for the period		**45,805**	(16,768)
Profit (loss) for the period attributable to:			
Owners of the Company		**53,521**	(25,547)
Non-controlling interests		**(7,716)**	8,779
		45,805	(16,768)
Earnings (loss) per share (HK cents)	11		
- Basic		**3.72**	(1.80)
- Diluted		**3.72**	(1.80)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Profit (loss) for the period	**45,805**	(16,768)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of:		
- subsidiaries	**155,792**	(173,369)
- joint ventures	**17,409**	(11,796)
- associates	**(12)**	105
Reclassification adjustment of exchange differences upon:		
- disposal of an associate	**277**	-
Gain (loss) on changes in fair value of available-for-sale investments	**10,227**	(6,136)
Items that will not be reclassified to profit or loss:		
Gain on revaluation of property transferred from property, plant and equipment to investment properties	**-**	9,307
Deferred taxation arising on revaluation of property transferred from property, plant and equipment to investment properties	**-**	(2,327)
Other comprehensive income (expense) for the period	**183,693**	(184,216)
Total comprehensive income (expense) for the period	**229,498**	(200,984)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**224,522**	(198,842)
Non-controlling interests	**4,976**	(2,142)
	229,498	(200,984)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**(Unaudited) 30th June 2013 HK$'000**	(Audited) 31st December 2012 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**6,906,045**	6,759,985
- Property, plant and equipment		**332,009**	326,924
Lease premium for land		**61,931**	63,899
Film distribution rights		**5,856**	2,166
Prepayment for film distribution rights		**4,526**	9,555
Goodwill		**33,288**	33,288
Deferred tax assets		**250,657**	238,586
Interests in associates		**15,782**	33,688
Interests in joint ventures		**1,087,444**	1,068,114
Other receivable		**74,292**	73,099
Available-for-sale investments		**128,797**	118,570
Pledged bank deposits		**-**	8,341
		8,900,627	8,736,215
Current Assets			
Lease premium for land		**6,432**	6,365
Properties under development		**5,614,744**	5,134,587
Deposit paid for land use right		**1,105,188**	410,452
Properties held for sale		**2,859,382**	2,865,356
Trade and other receivables and prepayments	12	**282,566**	271,204
Investments held for trading		**227,428**	246,384
Inventories		**9,348**	14,155
Pledged bank deposits		**1,337,665**	1,297,682
Cash and bank balances		**2,286,020**	2,829,992
		13,728,773	13,076,177
Current Liabilities			
Trade and other payables and accruals	13	**734,367**	861,894
Receipts in advance		**126,719**	15,886
Tax payables		**3,363,953**	3,277,237
Borrowings		**1,798,915**	1,657,852
		6,023,954	5,812,869
Net Current Assets		**7,704,819**	7,263,308
Total Assets Less Current Liabilities		**16,605,446**	15,999,523

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	(Unaudited) 30th June 2013 HK$'000	(Audited) 31st December 2012 HK$'000
Capital and Reserves		
Share capital	**731,892**	717,795
Share premium and reserves	**10,321,698**	10,147,392
Equity attributable to owners of the Company	**11,053,590**	10,865,187
Non-controlling interests	**864,332**	869,209
Total Equity	**11,917,922**	11,734,396
Non-Current Liabilities		
Borrowings	**3,030,854**	2,619,941
Deferred tax liabilities	**1,656,670**	1,645,186
	4,687,524	4,265,127
	16,605,446	15,999,523

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 of 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 (the "HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values.

Except as described below, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012.

In the current interim period, the Group has applied, for the first time, certain new and revised Hong Kong Financial Reporting Standards ("new and revised HKFRSs") issued by the HKICPA.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

The application of Hong Kong Financial Reporting Standard ("HKFRS") 10 "Consolidated Financial Statements", HKFRS 11 "Joint Arrangements" and HKFRS 12 "Disclosure of Interests in Other Entities" is described with more details in the consolidated financial statements for the year ended 31st December, 2012.

As a result of the application of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with its investees.

HKFRS 11 introduces new accounting requirements for joint arrangements replacing HKAS 31 "Interests in Joint Ventures". The Directors concluded that the Group's investments in joint arrangements, which were classified as jointly controlled entities under HKAS 31, are classified as joint ventures and continuously accounted for under equity method under HKFRS 11. As a result, the application of HKFRS 11 has no material impact on the Group.

Application of HKFRS 12 will result in extensive disclosures in the consolidated financial statements for the year ending 31st December, 2013.

The Group has applied HKFRS 13 "Fair Value Measurement" for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of this standard does not have a material impact on the Group's interim condensed consolidated financial statements.

Under the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income", a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. Besides, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The application of the other new and revised HKFRSs had no material effect on the amounts reported and disclosures set out in these condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

4. 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 sale 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

(v) Media and entertainment
- represents the gross revenue received and receivable from investment in concerts, films distribution and related income

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 period ended 30th June, 2013 consist of the followings:

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Revenue from sale of properties	**129,236**	63,383
Revenue from sale of goods	**1,871**	20,055
Revenue from rendering of services from golf club operations	**33,015**	32,035
Revenue from property rental and management fee	**117,419**	100,190
Revenue from media and entertainment business	**4,776**	13,799
Revenue	**286,317**	229,462
Gross proceeds from sale of and dividend income from investments held for trading	**30,544**	241,358
Gross proceeds from operations	**316,861**	470,820

5. SEGMENT INFORMATION

The Group's operating and reportable segments are based on information reported to the chief operating decision makers, the executive Directors of the Company, for the purposes of resource allocation and performance assessment. In addition to those set out in Note 4(i) to (v), the Group's operating segments under HKFRS 8 "Segment Reporting" include securities trading segment which is dealing in investments held for trading.

	Property Investment HK$'000	Property Development and Trading HK$'000	Industrial Operations HK$'000	Leisure HK$'000	Media and Entertainment HK$'000	Securities Trading HK$'000	Total HK$'000
Six months ended 30th June, 2013							
GROSS PROCEEDS FROM OPERATIONS							
Segment revenue	**117,419**	**129,236**	**1,871**	**33,015**	**4,776**	**30,544**	**316,861**
RESULTS							
Segment profit (loss)	**104,458**	**4,810**	**(16,627)**	**1,855**	**(3,048)**	**11,413**	**102,861**
Other unallocated income							**95,336**
Unallocated expenses							**(27,157)**
Finance costs							**(76,634)**
							94,406
Share of results of associates							**(742)**
Share of results of joint ventures							**1,921**
Profit before taxation							**95,585**
Six months ended 30th June, 2012							
GROSS PROCEEDS FROM OPERATIONS							
Segment revenue	100,190	63,383	20,055	32,035	13,799	241,358	470,820
RESULTS							
Segment profit (loss)	94,878	(29,216)	(6,091)	311	(3,759)	22,761	78,884
Other unallocated income							42,000
Unallocated expenses							(25,730)
Finance costs							(78,669)
							16,485
Share of results of associates							(276)
Share of results of joint ventures							875
Profit before taxation							17,084

Except for the presentation of segment revenue which is different from the reported revenue in the condensed consolidated statement of profit or loss, the accounting policies of the operating 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$286,317,000 (2012: HK$229,462,000), please refer to Note 4.

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

6. OTHER GAINS AND LOSSES

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Allowance of bad and doubtful debts	**(2,285)**	(69)
Net exchange gain (loss)	**3,094**	(2,364)
Gain (loss) on disposal of property, plant and equipment, net of written off	**50**	(104)
Loss on disposal of an associate	**(389)**	-
	470	(2,537)

7. FINANCE COSTS

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Interest on bank loans wholly repayable		
- within five years	**130,626**	116,044
- over five years	**8,222**	8,164
	138,848	124,208
Less: interest capitalised	**(62,214)**	(45,539)
	76,634	78,669

8. PROFIT BEFORE TAXATION

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**10,265**	21,697
Amortisation of lease premium for land	**3,303**	3,501
Amortisation and impairment of film distribution rights	**578**	4,263
and after crediting:		
Dividends from investments held for trading (included in net gain in investments held for trading)	**-**	1,032
Other income		
- Interest income	**6,709**	33,133
- Dividends from available-for-sale investments - listed	**5,113**	2,812
- unlisted	**75,114**	-

9. TAXATION

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
The charge comprises:		
The People's Republic of China (other than Hong Kong) (the "PRC") Enterprise Income Tax calculated at tax rates prevailing in the respective jurisdictions where the relevant individual group companies operate	**24,043**	22,942
PRC Land Appreciation Tax	**48,504**	20,903
Taiwan withholding income tax	**199**	239
Overprovision in prior period		
- PRC Enterprise Income Tax	**(932)**	(2,485)
	71,814	41,599
Deferred tax credit	**(22,034)**	(7,747)
Total tax charges for the period	**49,780**	33,852

The Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the assessable profit for the period. No tax is payable on the profit for the period arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The major PRC subsidiaries have their operations located in Pudong New Area, Shanghai, the PRC and are subject to a tax rate of 25% (2012: 25%) for the six months ended 30th June, 2013.

10. DIVIDEND

The Directors do not recommend payment of an interim dividend for the period under review (for the six months ended 30th June, 2012: Nil). In June 2013, an interim dividend of 6.5 HK cents per share for the year ended 31st December, 2012 (2012: interim dividend of 4 HK cents per share for 2011) amounting to approximately HK$93,313,000 (2012: HK$56,581,000) in aggregate was paid to shareholders. Of the dividend paid during the period, approximately HK$61,577,000 was settled in shares under the Company's scrip dividend scheme approved by the Board on 28th March, 2013 in respect of the interim dividend for the year ended 31st December, 2012.

11. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**53,521**	(25,547)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,437,303,514**	1,416,487,856

The presentation of diluted earnings (loss) per share had not assumed the exercise of the Company's share options because their exercise price is higher than the average share price.

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$22,973,000 (2012: HK$29,166,000) and their aged analysis as at the end of the reporting period is as follows:

	30th June 2013	31st December 2012
	HK$'000	HK$'000
0 – 3 months	**7,717**	12,479
4 – 6 months	**2,796**	6,900
7 – 12 months	**12,460**	9,787
	22,973	29,166

13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$155,494,000 (2012: HK$161,389,000) and their aged analysis as at the end of the reporting period is as follows:

	30th June 2013	31st December 2012
	HK$'000	HK$'000
0 – 3 months	**23,620**	27,680
4 – 6 months	**1,000**	568
7 – 12 months	**2,678**	528
Over 1 year	**128,196**	132,613
	155,494	161,389

GENERAL OVERVIEW

The Group reported a consolidated profit after taxation attributable to shareholders of the Company of approximately HK$53.52 million (2012: loss of HK$25.55 million) and basic earnings per share of 3.72 HK cents (2012: loss of 1.80 HK cents) for the first six months of 2013.

The improvement in the results of the Group for the period under review was principally attributable to receipt of a substantial amount of dividends from its long-term equity investments of approximately HK$80.23 million (2012: HK$2.81 million). In addition, there was a noticeable increase in the amount of sale proceeds of properties that could be recognized by the Group during the first half of 2013 and this resulted in a significant increase in the gross profit of the Group to approximately HK$203.02 million (2012: HK$167.81 million).

The Board does not recommend payment of an interim dividend for the six months ended 30th June, 2013 (interim dividend for the year ended 31st December, 2012: 6.5 HK cents per share).

OPERATIONS REVIEW

For the six months ended 30th June, 2013, property investment remained the primary profit contributor of the Group and this generated a segment profit of approximately HK$104.46 million (2012: HK$94.88 million), derived from the steady recurrent rental and management income from the investment properties of the Group as well as a gain on fair value changes of such investment properties.

Securities trading was the secondary profit maker to the Group by contributing a segment profit of approximately HK$11.41 million for the period under review (2012: HK$22.76 million) though fewer transactions were recorded during the period.

Owing to the increase in proceeds of sale of the Group's property projects in Shanghai, the People's Republic of China (the "PRC") recognized in the first half of 2013, property development and trading segment reported a profit of approximately HK$4.81 million to the Group for the period under review (2012: loss of HK$29.22 million) and was the tertiary profit contributor of the Group.

The operating results of leisure activities segment ranked fourth in terms of profit contribution amongst the operating segments of the Group during the period under review. This segment delivered an operating profit of approximately HK$1.86 million for the period ended 30th June, 2013 (2012: HK$0.31 million). The Group also shared a net profit of approximately HK$4.43 million from its hotel operation for the first half of 2013 (2012: HK$3.18 million).

The media and entertainment segment reported a loss of approximately HK$3.05 million for the period under review (2012: HK$3.76 million).

Owing to the commencement of the liquidation in the first quarter of 2013, the industrial operations segment recorded a loss of approximately HK$16.63 million for the six months ended 30th June, 2013 (2012: HK$6.09 million) mainly due to redundancy payment to staff.

Property Development and Investment

The Group's operating segment in the real estate sector is principally based in the PRC. Since the property projects in Tianjin and Macau Special Administrative Region ("Macau") are in the development stage, property development and investment in Shanghai remained the core business and the major source of profit of the Group for the period under review.

Property development and investment in Shanghai generated total revenue of approximately HK$246.66 million and accounted for approximately 77.84% of the gross proceeds from operations of the Group for the six months ended 30th June, 2013.

Tomson Riviera, Shanghai

Tomson Riviera comprises four residential towers erected along the riverfront of Lujiazui of Pudong, Shanghai and overlooking the Bund. The project provides a total residential gross floor area of approximately 117,400 square meters. According to the business strategy of the Group, two residential towers are earmarked for sale while the other two towers are for leasing.

As at 30th June, 2013, approximately 59% of the total residential gross floor area of Towers A and C were sold and approximately 64% of the total residential gross floor area of Towers B and D were leased.

For the first six months of 2013, sale proceeds, rental income and management fee were derived from the project and the total recognized revenue amounted to approximately HK$143.09 million and accounted for approximately 45.16% of the gross proceeds from operations of the Group. In addition, a gain on fair value change of Tomson Riviera of approximately HK$32.24 million was recorded in the interim results of the Group for 2013 according to applicable accounting standards in respect of investment properties. Besides, receipts in advance in respect of the sale of residential units of the property of approximately HK$66.26 million were credited to the Group as at the end of the period under review and are expected to be recognized in the annual results of the Group for 2013.

Tomson Riviera Garden, Shanghai

Tomson Riviera Garden is a low-density residential project of the Group adjacent to Tomson Shanghai Pudong Golf Club in Sanba River District of Pudong, Shanghai and the Group holds a 70% interest in this project. Two phases of the project have been completed.

As at 30th June, 2013, of the whole project, only one unit of semi-detached house and two units of detached houses remained unsold. For the period under review, total revenue from sale and leasing generated from the project of approximately HK$48.45 million was recognized and accounted for approximately 15.29% of the gross proceeds from operations of the Group. Besides, a deposit for sale of residential units of the project of approximately HK$14.30 million was credited as at the end of the period under review and is expected to be recognized in the annual results of the Group for 2013.

The Group entered into a conditional agreement in 2011 to acquire the land use rights of a plot of land with a site area of approximately 18,818.1 square meters (the “Acquired Site”) in Sanba River District, Pudong. The Acquired Site was delivered to the Group during 2012 and the detailed development plan was approved by the PRC authorities in 2013. It is intended to develop the Acquired Site into a low-density residential development with a saleable gross floor area of approximately 9,400 square meters as Phase 3 of Tomson Riviera Garden. Construction works are expected to commence by the end of third quarter of 2013, pending the issue of construction permit, and are scheduled for completion by the end of 2014.

Commercial and Industrial Buildings, Shanghai

Rental income and management fee from the Group's commercial and industrial property portfolio in Pudong, Shanghai, which comprised Tomson Commercial Building, Tomson International Trade Building, Tomson Waigaoqiao Industrial Park, the commercial podium of Tomson Business Centre and the office premises on the entire 72nd Floor of Shanghai World Financial Centre, provided a steady recurrent revenue to the Group and accounted for approximately 17.39% of the gross proceeds from operations of the Group for the period under review. The Group also recorded a gain on fair value changes of these investment properties of approximately HK$2.91 million for the period under review.

Tomson Jinqiao Garden, Shanghai

In September 2010, the Company acquired through a wholly-owned subsidiary the land use rights of a plot of land with a site area of approximately 300,700 square meters (the "Tomson Portion") located at Jinqiao-Zhangjiang District, Pudong, Shanghai and adjacent to Tomson Shanghai Pudong Golf Club. Vacant possession of over 80% of the site area of the Tomson Portion has been delivered to the Group in phases and the deadline for delivery of vacant possession of the last phase has been extended to the end of 2016.

On 28th January, 2013, the said wholly-owned subsidiary entered into a conditional agreement to acquire the land use rights of a plot of land with a site area of approximately 422,174.6 square meters for landscaping and sports facilities purposes and a residential development project (the "Development Project") at a plot of land with a site area of approximately 28,286.2 square meters in Jinqiao-Zhangjiang District, Pudong, Shanghai at a tentative total consideration of approximately RMB1,098.16 million. These plots of land are intermingled with the Tomson Portion and the Company considered that it would be to the benefit of the Group to incorporate these land lots into the master development plan of the Tomson Portion. The Group will participate in the preliminary stage of the Development Project jointly with the vendor until the completion of the transfer of the said project to the Group upon fulfilment of the legal requirement for transfer under the PRC laws.

The Group intends to integrate the development of the Tomson Portion with the Development Project into a low-density residential development and the project is tentatively named "Tomson Jinqiao Garden". The project will be developed in phases and it is anticipated to commence construction works of the first two phases of the Tomson Portion and the Development Project in 2013. These three phases will provide over 100 residential units with a total residential gross floor area over 60,000 square meters.

Phase 2 of Jinwan Plaza, Tianjin

The Group has participated in the development of phase 2 of Jinwan Plaza, which is situated in the central area of Heping District, Tianjin by holding a 75% equity interest in Tianjin Jinwan Real Estate Development Co., Limited ("Jinwan Real Estate") and a 51% equity interest in Tianjin Jinwan Property Co., Limited ("Jinwan Property").

Jinwan Real Estate is developing two high-rise buildings of 25 and 57 stories respectively (including 4-level podium) for residential and commercial purposes with a total gross floor area of approximately 294,900 square meters. Construction of the superstructure is under way and it is scheduled to have the superstructure of these two buildings topped out in late 2013 and the fourth quarter of 2014 respectively. The entire project is expected to be completed in 2015. The residential portion of these two buildings is earmarked for sale and it is planned to launch to the market for pre-sale this year.

Jinwan Property is developing a high-rise building of 70 stories with a total gross floor area of approximately 209,500 square meters for commercial-cum-office uses. Construction of the substructure is in progress and it is expected that the superstructure of the building will be topped out in late 2015. Construction works are expected to be completed in late 2016.

One Penha Hill, Macau

The development of the luxury residential condominium at Penha Hill within a designated World Heritage zone of Macau is in progress and the Group holds a 70% interest in the development. The development project is named "One Penha Hill" and consists of four blocks of residential towers with a club house, roof garden and car parks with an estimated total gross floor area of approximately 22,842 square meters. Construction of the superstructure of three blocks of residential towers was completed in the first half of 2013 and the construction works of the whole project are tentatively scheduled to be completed in the first quarter of 2014. Pre-sale of the project was kicked off in May 2013 and received a warm welcome. In the light of the implementation of new laws in Macau in June 2013, the marketing campaign was put on hold pending application for pre-sale consent and is expected to be re-launched in the fourth quarter of 2013.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club, Shanghai

Tomson Shanghai Pudong Golf Club generated revenue of approximately HK$33.02 million, being approximately 10.42% of the gross proceeds from operations of the Group, for the six months ended 30th June, 2013. The improvement in the operating results of the Club for the period under review was mainly attributable to a slight increase in the revenue from sale of membership debentures. As a result, the operation reported a segment profit of approximately HK$1.86 million for the first half of 2013.

InterContinental Shanghai Pudong, Shanghai

The Group holds a 50% interest in InterContinental Shanghai Pudong hotel. The hotel reported an average occupancy rate of 69% during the period under review and the Group shared a net profit of approximately HK$4.43 million from the hotel operation for the period.

Industrial Operations

Originally intended to complement its core business in the property sector, the Group holds a 58% interest in an operation manufacturing PVC pipes and fittings in Shanghai, the PRC. The operation commenced liquidation in the first quarter of 2013 after the expiry of the land use rights of the factory lot and therefore its turnover only accounted for approximately 0.59% of the gross proceeds from operations of the Group for the period under review. Taking account of the redundancy payment to the staff, the operation reported a loss of approximately HK$16.63 million during the six months ended 30th June, 2013.

Media and Entertainment

In anticipation of the potential increase in demand for leisure activities from visitors from the mainland of the PRC and the local population in Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Group set up its film distribution business and participated in the production of live entertainment shows in 2011. Gross revenue received and receivable from this segment accounted for approximately 1.51% of gross proceeds from operations of the Group during the first six months of 2013. Owing to the costs associated with the film distribution, a segment loss of HK$3.05 million was recorded during the period under review.

For the film distribution, a total of twelve films have been screened to date since the establishment of business in 2011. The Group is arranging to release around three films in the rest of 2013.

In addition, the Group has taken part in the production of various live entertainment shows, principally local pop concerts. In view of the Group's minority stake in such business, the revenue generated was insignificant. The Group will continue to participate in investments in various live performances in 2013.

Securities Trading

Securities trading accounted for around 9.64% of the gross proceeds from operations of the Group for the period under review through realization of the trading securities held by the Group. After taking into account an unrealized gain on changes in fair value of the trading securities of the Group, a net gain in securities investments held for trading of approximately HK$11.59 million was reported for the six months ended 30th June, 2013.

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 unlisted associated company of RHL established in the PRC as long-term investments. Both companies are principally engaged in property development and investment in Shanghai, the PRC. The Group received dividends of approximately HK$5.11 million and HK$75.11 million from RHL and the unlisted equity investment during the period under review. In addition, an unrealized gain on changes in fair value of these investments of approximately HK$10.23 million was credited to the investment reserve of the Group as at the end of the period under review according to the adopted accounting standards.

FINANCIAL REVIEW

Liquidity and Financing

The Group's capital expenditure and investments for the period ended 30th June, 2013 were mainly funded by cash on hand, investing and financing activities.

At the end of the reporting period, the cash and cash equivalents of the Group amounted to approximately HK$2,286.02 million. During the period under review, the Group utilized a net cash flow of approximately HK$975.79 million in its operations. After taking account of a net cash inflow of approximately HK$79.37 million and HK$311.03 million from its investing and financing activities respectively, the Group recorded a net cash outflow of approximately HK$585.39 million for the period under review (2012: HK$199.83 million). The net cash outflow for the period under review was mainly attributable to addition of properties under development and deposit paid for land use rights and was partly offset by new bank loans raised for working capital and property development and investment.

The Group's borrowings as at 30th June, 2013 amounted to approximately HK$4,829.77 million (31st December, 2012: HK$4,277.79 million), equivalent to 43.69% (31st December, 2012: 39.37%) of the equity attributable to the shareholders of the Company at the same date. All of the borrowings were bank loans under security and were subject to floating interest rate. Of those borrowings, 37.25% were repayable within one year from the end of the reporting period, 11.72% were repayable more than one year but not exceeding two years from the end of the reporting period, 49.10% were repayable more than two years but within five years from the end of the reporting period, while the remainder was due for repayment more than five years from the end of the reporting period.

At the end of the reporting period, the Group had capital commitments in relation to expenditure on properties under development of approximately HK$2,311.79 million (31st December, 2012: HK$2,667.31 million) which were contracted but not provided for while there was no such commitment authorized but not contracted for (31st December, 2012: HK$1,366.38 million). In respect of the licensed rights for film distribution, there were capital commitments of approximately HK$8.80 million (31st December, 2012: HK$12.78 million), which were contracted but not provided for, and of approximately HK$0.41 million (31st December, 2012: HK$6.09 million), which were authorized but not contracted for. The Group anticipates funding those commitments from its future operating revenue, bank borrowings and other sources of finance where appropriate.

As at 30th June, 2013, the Group recorded a current ratio of 2.28 times (31st December, 2012: 2.25 times) and a gearing ratio (total liabilities to equity attributable to owners of the Company) of 96.90% (31st December, 2012: 92.75%). There was no significant change in the current ratio during the period under review. The rise in the gearing ratio resulted mainly from the increase in bank borrowings and receipts in advance in respect of sale of the Group's properties in Shanghai, the PRC during the period under review.

Charge on Assets

As at 30th June, 2013, assets of the Group with an aggregate carrying value of approximately HK$12,003.90 million (31st December, 2012: HK$10,974.73 million) were pledged to banks for securing 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 the potential to appreciate in value relative to Hong Kong Dollar. On the other hand, all of the other assets and liabilities of the Group are denominated in either Hong Kong Dollar or United States Dollar. Hence, the Group does not anticipate any material foreign exchange exposure.

Contingent Liabilities

As at 30th June, 2013, the Group had a contingent liability of US$1.09 million (31st December, 2012: US$1.16 million) in respect of a provision of a guarantee to indemnify the management company of InterContinental Shanghai Pudong hotel a pro-rata share 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

Property development and investment will continue to be the Group's business focus. It is anticipated that Tomson Riviera and Tomson Riviera Garden will be the Group's principal sources of profit in 2013 since the construction of other property projects in Shanghai, Tianjin and Macau is under way. Facing uncertainties under the regulations and measures imposed by both the local Shanghai and central governments of the PRC on the real estate market, the Board considers that operations of the Group in the property sector in the mainland of the PRC will still face certain challenges in 2013 and the coming year. In the meantime, the Group will endeavour to increase its pace in trading and leasing of its property portfolio in both Shanghai and Macau in 2013 and will commit to complete the properties under development in both Shanghai and Tianjin.

On the other hand, it is expected that the global and Hong Kong financial markets will remain relatively volatile and the management will be cautious in managing the securities trading of the Group but the Board considers that its results would not have any material adverse impact on the cash or operational position of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June, 2013, there was no purchase, sale or redemption made by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board considers that the Company has complied with all the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period of six months ended 30th June, 2013, 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. Responsibilities for the Company's daily business management are 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 in accordance with the provisions of the code on internal control of the Company;

(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 least once every three years at annual general meetings of the Company according to the Articles of Association of the Company;

(c) in accordance with the Articles of Association of the Company, any Director of the Company appointed by the Board to fill a casual vacancy shall hold office until the next following annual general meeting of the Company instead of being subject to election at the next following general meeting of the Company as stipulated in the Code. Such arrangement not only complies with Appendix 3 to the Listing Rules but also streamlines the mechanism of re-election of Directors so that both new Directors appointed by the Board (either for filling a causal vacancy or as an additional member) and existing Directors retiring by rotation shall be subject to re-election at the annual general meeting for the relevant year. Furthermore, extraordinary general meetings are reserved for considering and approving special transactions or other corporate actions under the Listing Rules only, thus facilitating the efficient implementation of the Company's strategies;

(d) the Company has not established a nomination committee comprising a majority of independent non-executive Directors as stipulated in the Code. This is because when identifying individuals of the appropriate calibre and qualification to be Board members and when assessing the independence of independent non-executive Directors, it is necessary to have a thorough understanding of the structure, business strategy and daily operation of the Company. The participation of executive Directors during the process is therefore indispensable. Accordingly, the Board as a whole remains responsible for reviewing its own structure, size and composition annually, and also for considering the appointment and re-appointment of Directors as well as assessing the independence of independent non-executive Directors;

(e) due to other pre-arranged commitments which had to be attended to by them, Mr Lee Chan Fai and Mr Sean S J Wang, being the independent non-executive Directors of the Company, were not available to attend the annual general meeting of the Company held on 5th June, 2013 (the "2013 AGM"). However, the other Directors of the Company were present at the meeting to answer questions from the shareholders; and

(f) the Company has entered into formal letters of appointment with all the Directors of the Company except for Mr Chuang Hsiao-Chen, a former executive Director of the Company. Being a director and general manager of Tomson Golf (Shanghai) Limited, a wholly-owned subsidiary of the Company, Mr Chuang has entered into a service contract with such subsidiary instead. Following the retirement of Mr Chuang as an executive Director of the Company at the conclusion of the 2013 AGM, the relevant code provision is complied with.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

This interim results announcement is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and on the Company's website at http://www.tomson.com.hk. The Interim Report 2013 of the Company will be available on both websites and despatched to the shareholders of the Company by the end of September 2013.

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

Hong Kong, 29th August, 2013

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 (Vice-Chairman) and Mr Yeung Kam Hoi, and three independent non-executive Directors, Mr Cheung Siu Ping, Oscar, Mr Lee Chan Fai and Mr Sean S J Wang.