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, 2013

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 (collectively the "Group") for the year ended 31st December, 2013 together with comparative figures for the corresponding year of 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Year ended 31st December 2013 HK$'000**	2012 HK$'000
Gross proceeds from operations	4&5	**1,028,439**	804,201
Revenue	4	**920,655**	562,395
Cost of sales		**(239,130)**	(209,864)
Gross profit		**681,525**	352,531
Net gain in investments held for trading		**92,777**	44,515
Other income		**134,710**	98,578
Other gains and losses	6	**22,384**	(20,506)
Selling expenses		**(183,269)**	(146,046)
Administrative expenses		**(222,930)**	(202,341)
Gain on fair value changes of investment properties		**283,631**	137,942
Finance costs	7	**(163,280)**	(151,902)
		645,548	112,771
Share of results of associates		**(1,015)**	(423)
Share of results of joint ventures		**4,370**	4,196
Profit before taxation	8	**648,903**	116,544
Taxation	9	**(359,613)**	(108,080)
Profit for the year		**289,290**	8,464
Profit (loss) for the year attributable to:			
Owners of the Company		**297,639**	17,054
Non-controlling interests		**(8,349)**	(8,590)
		289,290	8,464
Earnings per share (HK cents)	11		
- Basic		**20.51**	1.20
- Diluted		**20.51**	1.20

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31st December	
	2013	2012
	HK$'000	HK$'000
Profit for the year	**289,290**	8,464
Other comprehensive income (expenses)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of:		
- joint ventures	**31,223**	8,563
- other foreign operations	**278,934**	10,979
- associates	**62**	159
Gain on changes in fair value of available-for-sale investments	**10,203**	11,250
Reclassification adjustments:		
- release from exchange difference upon disposal of an associate	**277**	-
- release from reserve on acquisition upon sale of properties held for sale	**1,161**	-
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 for the year	**321,860**	37,931
Total comprehensive income for the year	**611,150**	46,395
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**596,822**	46,897
Non-controlling interests	**14,328**	(502)
	611,150	46,395

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December **2013** **HK$'000**	2012 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**7,244,621**	6,759,985
- Property, plant and equipment		**328,251**	326,924
Lease premium for land		**59,599**	63,899
Film distribution rights		**11,416**	2,166
Prepayment for film distribution rights		**832**	9,555
Goodwill		**33,288**	33,288
Deferred tax assets		**265,491**	238,586
Interests in associates		**13,228**	33,688
Interests in joint ventures		**1,095,599**	1,068,114
Other receivables		**171,298**	73,099
Available-for-sale investments		**129,378**	118,570
Pledged bank deposits		**-**	8,341
		9,353,001	8,736,215
Current Assets			
Lease premium for land		**6,514**	6,365
Properties under development		**6,136,269**	5,134,587
Deposits paid for land use rights		**1,119,343**	410,452
Properties held for sale		**2,767,997**	2,865,356
Trade and other receivables and prepayments	12	**318,088**	271,204
Investments held for trading		**240,280**	246,384
Inventories		**7,029**	14,155
Pledged bank deposits		**806,183**	1,297,682
Cash and bank balances		**2,558,312**	2,829,992
		13,960,015	13,076,177
Current Liabilities			
Trade and other payables and accruals	13	**791,398**	861,894
Receipts in advance		**146,559**	15,886
Tax payables		**3,707,528**	3,277,237
Borrowings		**1,793,691**	1,657,852
		6,439,176	5,812,869
Net Current Assets		**7,520,839**	7,263,308
Total Assets Less Current Liabilities		**16,873,840**	15,999,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31st December	
	2013	2012
	HK$'000	HK$'000
Capital and Reserves		
Share capital	**733,992**	717,795
Share premium and reserves	**10,702,032**	10,147,392
Equity attributable to owners of the Company	**11,436,024**	10,865,187
Non-controlling interests	**873,684**	869,209
Total Equity	**12,309,708**	11,734,396
Non-Current Liabilities		
Amount due to a joint venture	**52,254**	-
Borrowings	**2,844,582**	2,619,941
Deferred tax liabilities	**1,667,296**	1,645,186
	4,564,132	4,265,127
	16,873,840	15,999,523

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, 2013.

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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements

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

HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC) – Int 12 "Consolidated – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

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 investment in its subsidiaries.

HKFRS 11 introduces new accounting requirements for joint arrangements replacing HKAS 31 "Interests in Joint Ventures". The Directors of the Company 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.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

Extensive disclosures have been added for the application of HKFRS 12 in the consolidated financial statements.

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurements and disclosure requirements prospectively. Other than the additional disclosures, the application of this standard does not have a material impact on the Group's consolidated financial statements.

Under the amendments to HKAS 1, 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.

Except as described above, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefits Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

[1]Effective for annual periods beginning on or after 1st January, 2014, with earlier application permitted.
[2]Effective for annual periods beginning on or after 1st July, 2014, with early application is permitted.
[3]Available for application – the mandatory effect date will be determined when the outstanding phases of HKFRS 9 are finalised.
[4]Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in the consolidated statement of profit or loss.

The Directors of the Company anticipate that the application of HKFRS 9 in the future may affect the classification and measurement of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Regarding the Group's other financial assets and financial liabilities, it is unlikely to have a significant impact on the consolidated financial statements.

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

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

The Directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

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

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 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

(v) Media and entertainment
- represents the gross revenue received and receivable from investment in concerts, film 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 year ended 31st December, 2013 consist of the followings:

	2013	2012
	HK$'000	HK$'000
Revenue from sale of properties	**597,385**	221,073
Revenue from sale of goods	**3,156**	36,308
Revenue from rendering of services from golf club operations	**63,504**	67,466
Revenue from property rental and management fee	**241,161**	211,381
Revenue from media and entertainment	**15,449**	26,167
Revenue	**920,655**	562,395
Gross proceeds from sale of and dividend income from investments held for trading	**107,784**	241,806
Gross proceeds from operations	**1,028,439**	804,201

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 resources 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.

2013

	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**
GROSS PROCEEDS FROM OPERATIONS - SEGMENT REVENUE	**241,161**	**597,385**	**3,156**	**63,504**	**15,449**	**107,784**	**1,028,439**
RESULTS							
Segment profit (loss)	**428,776**	**226,382**	**(23,087)**	**(19,306)**	**(10,488)**	**92,268**	**694,545**
Other unallocated income							**165,094**
Unallocated expenses							**(50,811)**
Finance costs							**(163,280)**
							645,548
Share of results of associates							**(1,015)**
Share of results of joint ventures							**4,370**
Profit before taxation							**648,903**

2012

	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
GROSS PROCEEDS FROM OPERATIONS - SEGMENT REVENUE	211,381	221,073	36,308	67,466	26,167	241,806	804,201
RESULTS							
Segment profit (loss)	257,698	(20,006)	(41,116)	(18,859)	(6,319)	43,850	215,248
Other unallocated income							98,340
Unallocated expenses							(48,915)
Finance costs							(151,902)
							112,771
Share of results of associates							(423)
Share of results of joint ventures							4,196
Profit before taxation							116,544

Except for the presentation of segment revenue which is different from the reported revenue in the consolidated statement of profit or loss, the accounting policies of the 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$920,655,000 (2012: HK$562,395,000), please refer to Note 4.

5. SEGMENT INFORMATION (continued)

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 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 of the People's Republic of China (the "PRC"). 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.

Revenue from media and entertainment business is based on the location of the concerts or films exhibited, which are substantially derived from Hong Kong.

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

6. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	HK$'000
Allowance for bad and doubtful debts	**(8,000)**	(10,772)
Net gain (loss) on disposal/write off of property, plant and equipment	**47**	(108)
Impairment of property, plant and equipment	**-**	(9,496)
Net exchange gain (loss)	**6,631**	(130)
Loss on disposal of an associate	**(389)**	-
Release of provision of indemnity to a disposed subsidiary (Note)	**24,095**	-
	22,384	(20,506)

Note: In respect of the sale of equity interests in a subsidiary in 1998, the Group provided an indemnity (regarding the contingent liabilities of this subsidiary) to the then shareholders of this subsidiary. During the year ended 31st December 2013, the management assessed the possibility of compensation as remote as there was no claim against the Group for the past 15 years, therefore, the provision is reversed to the statement of profit or loss in current year.

7. FINANCE COSTS

	2013	2012
	HK$'000	HK$'000
Interest expenses wholly repayable		
- within five years	**199,223**	212,144
- over five years	**16,121**	16,653
	215,344	228,797
Less: interest capitalised	**(52,064)**	(76,895)
	163,280	151,902

8. PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**20,788**	34,662
Amortisation of lease premium for land (included in administrative expenses)	**6,672**	7,166
Amortisation of film distribution right (included in cost of sales)	**2,566**	7,509
and after crediting:		
Dividends from investments held for trading (included in net gain in investments held for trading)	**69**	1,032
Other income		
- Interest income	**32,305**	55,594
- Dividends from available-for-sale investments – listed	**5,113**	2,812
- Dividends from available-for-sale investments – unlisted	**75,114**	24,985

9. TAXATION

	2013	2012
	HK$'000	HK$'000
The charge comprises:		
The PRC (other than Hong Kong) Enterprise Income Tax calculated at tax rates prevailing in the respective jurisdictions where the relevant individual group companies operate	**129,196**	52,415
PRC Land Appreciation Tax	**237,679**	79,650
Dividend withholding tax	**31,338**	784
Underprovision in prior years		
- PRC (other than Hong Kong) Enterprise Income Tax	**939**	2,883
Taiwan withholding income tax	**199**	239
	399,351	135,971
Deferred tax credit	**(39,738)**	(27,891)
Total tax charges for the year	**359,613**	108,080

The Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%). No tax is payable on the profit 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.

The income tax rate of the PRC subsidiaries for the year ended 31st December, 2013 is 25% (2012: 25%).

10. DIVIDEND

The Directors declared payment of an interim dividend of 12 HK cents per share (2012: 6.5 HK cents per share) amounting to approximately HK$176,158,000 (2012: HK$93,313,000) for the year ended 31st December, 2013.

Of the dividend paid during the year, approximately HK$61,577,000 were 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.

Of the dividend paid during 2012, approximately HK$35,054,000 were settled in shares under the Company's scrip dividend scheme approved by the Company on 30th March, 2012 in respect of the interim dividend for the year ended 31st December, 2011.

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:

	2013 **HK$'000**	2012 HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**297,639**	17,054
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,451,458,346**	1,426,091,137
Effect of dilutive potential ordinary shares - share options	**54,302**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,451,512,648**	1,426,091,137

The computation of diluted earnings per share for the year 31st December, 2012 did not assume the exercise of the share options because their exercise price was 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$15,035,000 (2012: HK$29,166,000) and their aged analysis as at the end of the reporting period is as follows:

	2013	2012
	HK$'000	HK$'000
0 – 3 months	**11,119**	12,479
4 – 6 months	**1,685**	6,900
7 – 12 months	**2,231**	9,787
	15,035	29,166

13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$151,611,000 (2012: HK$161,389,000) and their aged analysis as at the end of the reporting period is as follows:

	2013	2012
	HK$'000	HK$'000
0 – 3 months	**23,010**	27,680
4 – 6 months	**299**	568
7 – 12 months	**119**	528
Over 1 year	**128,183**	132,613
	151,611	161,389

INTERIM DIVIDEND FOR THE YEAR ENDED 31ST DECEMBER, 2013

To expedite the dividend payment to shareholders of the Company, the Board of the Company declares an interim dividend (instead of recommending a final dividend) of 12 HK cents per share for the year ended 31st December, 2013 (2012: 6.5 HK cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 16th May, 2014 (the "Record Date"). 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 all or part of the interim dividend (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme is conditional upon consent of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to grant listing of and permission to deal in the new shares of the Company to be allotted thereunder. For the purpose of determining the number of new shares of the Company to be allotted under the Scrip Dividend Scheme, the market value of a 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 providing 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 Thursday, 19th June, 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) For the purpose of determining the shareholders who qualify for the interim dividend for 2013, the register of members of the Company will be closed from Wednesday, 14th May, 2014 to Friday, 16th May, 2014, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China (the "PRC"), Tricor Secretaries Limited not later than 4:30 p.m. on Tuesday, 13th May, 2014 for registration; and

(b) The annual general meeting of the Company is scheduled to be held on Thursday, 5th June, 2014 (the "2014 AGM"). For the purpose of determining the shareholders who are entitled to attend and vote at the 2014 AGM, the register of members of the Company will be closed from Tuesday, 3rd June, 2014 to Thursday, 5th June, 2014, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the 2014 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Secretaries Limited not later than 4:30 p.m. on Friday, 30th May, 2014 for registration.

CHANGE OF ADDRESS OF SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

The Company's share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, will change its address from 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Monday, 31st March, 2014. All telephone and facsimile numbers of the share registrar will remain unchanged.

GENERAL OVERVIEW

In respect of the consolidated results of the Group for the year ended 31st December, 2013, the Board of the Company is pleased to report a consolidated profit after taxation attributable to shareholders of the Company of approximately HK$297.64 million (2012: HK$17.05 million) and basic earnings per share of 20.51 HK cents (2012: 1.20 HK cents).

The significant improvement in the results for the year 2013 was mainly related to the property development and investment of the Group in the PRC and was principally attributable to a noticeable increase in the amount of sale proceeds of properties that could be recognized by the Group in 2013 and a significant increase in the unrealized gain on fair value changes of investment properties upon revaluation pursuant to applicable accounting standards. In addition, there was an increase in both dividend receipts from the long-term securities investments and the net gain in securities investment held for trading of the Group during the year under review.

OPERATIONS REVIEW

The Group's major operations are based in the mainland of the PRC and property development and investment are the Group's most significant operating segments. There was a significant increase in the proceeds from sale of the Group's properties in Shanghai, the PRC that could be recognized during the year under review and this resulted in a noticeable increase in the gross profit of the Group. For the year 2013, gross proceeds from operations and gross profit of the Group amounted to approximately HK$1,028.44 million (2012: HK$804.20 million) and HK$681.53 million (2012: HK$352.53 million) respectively.

For the year ended 31st December, 2013, property investment was the primary profit contributor of the Group and this generated a segment profit of approximately HK$428.78 million (2012: HK$257.70 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 those investment properties.

Owing to recognition of sale proceeds of the Group's property projects in Shanghai, property development and trading segment reported a profit of approximately HK$226.38 million to the Group for the year under review (2012: loss of approximately HK$20.01 million) and was the secondary profit contributor of the Group.

Securities trading was the tertiary profit maker to the Group by contributing a segment profit of approximately HK$92.27 million for the year 2013 (2012: HK$43.85 million) which was mainly attributable to an unrealized gain on change in fair value of trading securities.

The media and entertainment segment reported a loss of approximately HK$10.49 million for the year under review (2012: HK$6.32 million).

The leisure activities segment recorded an operating loss of approximately HK$19.31 million for the year 2013 (2012: HK$18.86 million). However, the Group shared a profit of approximately HK$9.13 million (2012: HK$8.72 million) from its hotel operation in 2013.

Due to commencement of the liquidation of the Group's PVC pipes factory in the first quarter of 2013, the industrial operations segment recorded a loss of approximately HK$23.09 million for the year 2013 (2012: HK$41.12 million) which was mainly attributable to staff redundancy payment and allowance for bad and doubtful debts.

Property Development and Investment

All the property projects of the Group were located in the PRC. Since the property projects in Tianjin and Macau Special Administrative Region ("Macau") are in their development stage, property development and investment in Shanghai remained the core business and the principal source of profit of the Group for the year ended 31st December, 2013.

The Group's property development and investment in Pudong of Shanghai generated total revenue of approximately HK$838.55 million, which accounted for approximately 81.54% of the gross proceeds from operations of the Group for the year 2013. In addition, a gain on fair value changes of the investment properties of the Group of approximately HK$283.63 million was recorded at the year-end. Tomson Riviera was the prime revenue generator and source of profit of the Group in 2013.

Tomson Riviera, Shanghai

Tomson Riviera is a notable high-rise residential development along the riverfront of Lujiazui of Pudong and right opposite the Bund. The four residential towers provide total gross floor area of approximately 117,400 square meters. Based on the business strategy of the Group, two residential towers are earmarked for sale while the other two towers are for leasing.

As at 31st December, 2013, approximately 61% of the total residential gross floor area of Towers A and C were sold and approximately 63% of the total residential gross floor area of Towers B and D were leased.

For the year 2013, sale proceeds, rental income and management fee were derived from the project and total revenue of approximately HK$571.92 million was recognized and this accounted for approximately 55.61% of the gross proceeds from operations of the Group. In addition, a gain on fair value change of Tomson Riviera of approximately HK$31.33 million was recorded in the annual results of the Group for the year under review according to applicable accounting standards in respect of investment properties.

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 and the Group holds a 70% interest in this project.

Two phases of the project have been completed, and as at 31st December, 2013, only one semi-detached house and one detached house remained unsold. For the year 2013, total revenue of HK$149.45 million was recognized and this accounted for approximately 14.53% of the gross proceeds from operations of the Group. The revenue generated from this project comprised sale proceeds, rental income and management fee.

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 in Sanba River District, Pudong. The detailed development plan was approved by the relevant PRC authorities in 2013. A low-density residential development with a saleable gross floor area of approximately 9,400 square meters is being developed on the said site as Phase 3 of Tomson Riviera Garden. Construction of the superstructure of Phase 3 was completed in January 2014 and construction works 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, which comprised, inter alia, 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 of approximately HK$116.60 million to the Group, which accounted for approximately 11.34% of the gross proceeds from operations of the Group for the year 2013. The Group also recorded a gain on fair value changes of those investment properties of approximately HK$252.30 million in the annual results of the Group for the year under review.

Miscellaneous Residential Development in Shanghai

Tomson Golf Villas and Garden have been developed in phases around the periphery of Tomson Shanghai Pudong Golf Club in Pudong since 1996 and there are now less than 10 units available for sale. During the year under review, an insignificant amount of proceeds was generated from sale of car parking spaces and leasing of residential units, which accounted for approximately 0.06% of the gross proceeds from operations of the Group.

In addition, the Group holds less than 10 car parking spaces of Xingguo Garden, the sole residential development of the Group in Puxi, for sale.

Tomson Jinqiao Garden, Shanghai

In September 2010, the Company acquired through a wholly-owned subsidiary the land use rights of a plot of land located at Jinqiao-Zhangjiang District, Pudong, Shanghai with a site area of approximately 300,700 square meters (the "Tomson Portion"). As at the date of this announcement, vacant possession of over 80% of the site area of the Tomson Portion has been delivered to the Group in phases and the time 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 fulfillment of the legal requirement for transfer under the PRC laws. The acquisition constituted a connected transaction for the Company under Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and this was approved by a closely allied group of independent shareholders of the Company beneficially holding more than 50% of the nominal value of the entire issued share capital of the Company.

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. The first phase of the Tomson Portion will comprise 43 detached houses, a club house and ancillary facilities with a total gross floor area of approximately 44,900 square meters. Construction works of this phase commenced in January 2014 and are scheduled to be completed in mid-2015.

Phase 2 of Jinwan Plaza, Tianjin

The Group has participated in the development of phase two 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 a 4-level podium) for residential and commercial purposes with total gross floor area of approximately 294,900 square meters. Construction of the superstructure of the building of 25 stories was completed in January 2014 and it is scheduled to have the superstructure of the building of 57 stories topped out in the third quarter of 2014. The entire project is expected to be completed in 2015. The residential portion of these two buildings, named "Tomson Riviera Tianjin", is earmarked for sale. Pre-sale consent of the residential portion was obtained in December 2013 and it is planned to formally launch the project to the market for pre-sale in the second quarter of 2014.

Jinwan Property is developing a high-rise building of 70 stories (including a 4-level podium) with total gross floor area of approximately 209,500 square meters for commercial-cum-office uses. Construction of the substructure is under way and it is scheduled to have the superstructure of the building topped out in late 2015. Construction works are expected to be completed in late 2016.

One Penha Hill, Macau

The Group holds a 70% interest in the development of a luxury residential condominium at Penha Hill within a designated World Heritage zone of Macau. The development project is named "One Penha Hill" and consists of four blocks of residential towers with a club house, swimming pool, roof garden and car parking spaces with an estimated total gross floor area of approximately 22,842 square meters.

Construction of the superstructure was topped out in 2013 and construction works of the whole project are tentatively scheduled to be completed in mid-2014. Pre-sale of the project was kicked off in May 2013. As at 31st December, 2013, nearly a quarter of the total residential gross floor area of this project was pre-sold. Due to the implementation of new laws in Macau in June 2013, the marketing campaign was put on hold until March 2014 after obtaining the pre-sale consent.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club, Shanghai

Tomson Shanghai Pudong Golf Club is situated in Pudong, Shanghai and generated revenue of approximately HK$63.50 million, being approximately 6.17% of the gross proceeds from operations of the Group, for the year 2013. There was a slight decline in the operating results of the Club during the year under review and it was mainly attributable to a drop in the operation revenue from the Club. As a result, the Club reported an operating loss of approximately HK$19.31 million for the year 2013.

InterContinental Shanghai Pudong, Shanghai

InterContinental Shanghai Pudong hotel, situated in Lujiazui of Pudong, Shanghai, reported an average occupancy rate of 72% in 2013 during which the hotel faced intense competition arising from an increase in hotel rooms in Pudong coupled with a reduction in overnight visitors to the city. Nevertheless, the Group, which holds a 50% interest in the hotel, shared a profit of approximately HK$9.13 million from this investment for the year 2013. To maintain the profitability of the hotel, plans are on hand to upgrade its rooms and food and beverage facilities.

Securities Trading

The Group has invested in various listed securities in Hong Kong to diversify its business portfolio and maximize its return on investment. Sale proceeds from disposal of and dividend receipts from trading securities of the Group accounted for approximately 10.48% of the gross proceeds from operations of the Group for the year under review. After taking into account an unrealized gain on changes in fair value of the trading securities, the Group recorded a net gain in securities investments held for trading of approximately HK$92.78 million for the year 2013.

Media and Entertainment Business

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, the Group has set up its film distribution business since 2011 and participated in production of live entertainment shows.

Gross revenue received and receivable from this segment accounted for approximately 1.50% of the Group's gross proceeds from operations for the year 2013. Owing to costs associated with the film distribution, a segment loss of HK$10.49 million was recorded during the year under review.

During the year under review, the Group recognized revenue from exploitation of theatrical rights, video rights and television rights under its film distribution business. A total of seven films were theatrically released in Hong Kong and Macau in 2013 but revenue generated from the three films shown in the last quarter of 2013 had not yet been ascertained by the year-end and was therefore not recognized in the year 2013.

In addition, the Group has taken part in the production of 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 2014.

Industrial Operations

Originally intended to complement its core business in the property sector, the Group has held a 58% interest in an operation manufacturing PVC pipes and fittings in Shanghai since the early 1990's. This operation commenced liquidation in the first quarter of 2013 after expiry of the land use rights of the factory lot and therefore its turnover only accounted for approximately 0.31% of the gross proceeds from operations of the Group for the year 2013. After taking account of staff redundancy payment and allowance for bad and doubtful debts, the operation reported a loss of approximately HK$23.09 million for the year under review. It is anticipated that whatever final distribution to be made by this operation on completion of its liquidation will only have an insignificant impact on the results of the Group.

Investment Holding

In addition to its own property development projects, the Group holds a 9.8% interest in the issued capital of Rivera (Holdings) Limited ("RHL"), a listed company in Hong Kong, and a 13.5% interest in the registered capital of an associated company of RHL established in the mainland of the PRC. Both companies are principally engaged in property development and investment in Shanghai, mainly in Zhangjiang Hi-Tech Park of Pudong. Dividends of approximately HK$80.23 million were received during the year under review and an unrealized gain on changes in fair value of the long-term securities investments of approximately HK$10.20 million was credited to the investment reserve of the Group as at 31st December, 2013 according to the adopted accounting standards.

FINANCIAL REVIEW

Liquidity and Financing

The Group's capital expenditure and investments for the year ended 31st December, 2013 were funded by cash on hand, revenue from investing activities and bank borrowings.

At the end of the reporting period, the cash and cash equivalents of the Group amounted to approximately HK$2,558.31 million. During the year under review, the Group achieved a net cash inflow of approximately HK$554.98 million and HK$56.16 million from its investing activities and financing activities respectively. After taking into account the net cash outflow of approximately HK$957.29 million from its operations, the Group recorded a net cash outflow of approximately HK$346.15 million for the year under review (2012: HK$178.06 million). The net cash outflow was mainly attributable to repayment of bank loans, addition of properties under development and deposits paid for land use rights and this was partly offset by new bank borrowings and withdrawal of pledged bank deposits during the year under review.

As at 31st December, 2013, excluding receipts in advance, of the liabilities of the Group, about 42.72% were borrowings, about 34.15% were tax payables within one year from the year end, about 15.36% were deferred tax liabilities, about 7.29% were trade and other payables and accruals while the balance was an amount due to a joint venture.

The Group's borrowings as at 31st December, 2013 amounted to approximately HK$4,638.27 million (2012: HK$4,277.79 million), equivalent to 40.56% (2012: 39.37%) of the equity attributable to owners of the Company at the same date. Additional borrowings raised in 2013 were mainly to finance the property development projects in Tianjin and Macau and for working capital purpose. The Group did not employ any financial instruments for financing and treasury management. All of the borrowings were bank loans under security and were subject to floating interest rates. Of those borrowings, approximately 38.67% were due for repayment within one year from the end of the reporting period, approximately 14.05% were repayable more than one year but not exceeding two years from the end of the reporting period, approximately 45.52% were due for repayment 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 end of the reporting period.

At the end of the reporting period, for expenditure on properties under development, the Group had capital commitments of approximately HK$2,585.14 million (2012: HK$2,667.31 million) which were contracted but not provided for while there was no capital commitment authorized but not contracted for (2012: HK$1,366.38 million). In respect of the licensed rights for film distribution, there were capital commitments of approximately HK$3.53 million (2012: HK$12.78 million) contracted but not provided for and capital commitments of approximately HK$0.41 million (2012: HK$6.09 million) authorized but not contracted for. The Group anticipates that these commitments will be funded from its future operating revenue, bank borrowings and other sources of finance where appropriate.

As at 31st December, 2013, the Group recorded a current ratio of 2.17 times (2012: 2.25 times) and a gearing ratio (total liabilities to equity attributable to the owners of the Company) of 96.22% (2012: 92.75%). There was no significant change in current ratio while the rise in gearing ratio was mainly attributable to new bank borrowings raised and receipts of pre-sale deposits from properties under development during the year under review.

Charge on Assets

As at 31st December, 2013, assets of the Group with an aggregate carrying value of approximately HK$12,100.21 million (2012: HK$10,974.73 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 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 31st December, 2013, the Group had contingent liabilities of US$1.01 million (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.

In addition, the Group has provided a financial guarantee of HK$384.22 million (2012: Nil) to a bank to secure banking facilities for a property development project of a joint venture. Such banking facilities are secured by both the floating charge over the property under development of the joint venture with a carrying amount which is much higher than the utilized loan balance at the end of the reporting period. The Board therefore considers that it is unlikely that the guarantee will be enforced.

PROSPECTS

Faced with various regulations and measures imposed by both the local and central governments of the PRC on the real estate market, the Group envisages the unfavourable impact on the pace and volume of property sale of the Group will continue into 2014 and in the short-term. However, the Group will maintain the momentum in its sale and leasing of its property portfolio in Shanghai and Tianjin in 2014.

Tomson Riviera in Shanghai will be the Group's principal source of profit for 2014, since the development projects in Shanghai and Tianjin are scheduled for completion and delivery earliest in 2015 or 2016. The One Penha Hill project in Macau might contribute to the results of the Group in 2014, as efforts will be made to accomplish the completion and delivery of the project by the end of 2014.

The Group has built up its reputation as a developer of high-end residential properties on the mainland of the PRC. The Group anticipates that, in tandem with the projected economic development on the mainland of the PRC, there is potential for growth in the demand for properties catering to a high-income middle class and high net worth individuals. Investments in Tomson Jinqiao Garden in Pudong, Shanghai, and the Jinwan Plaza in Tianjin represent important components of the Group's strategy.

It is expected that the global and Hong Kong financial markets will remain relatively volatile. Management will remain cautious in managing the securities trading portfolio of the Group, with an emphasis on securities with recurrent yields.

Whilst property development and investment will remain the Group's business focus, the Group will continue to explore and evaluate prudently other potential investment opportunities. Nevertheless, it will be the objective of the Group to maintain an optimum balance in the allocation of its resources both geographically and in different business segments.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December, 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 PRACTICES

The Board of the Company has reviewed the Company's corporate governance practices and 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 Listing Rules during the year ended 31st December, 2013 and up to the date of this annual results announcement, 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, but 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 plans;

(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, two 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 a major 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 fully complied with.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR 2013

This annual results announcement is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and on the Company's website at http://www.tomson.com.hk. The Annual Report 2013 of the Company will be available on both websites and despatched to the shareholders of the Company by the end of April 2014.

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

Hong Kong, 28th March, 2014

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.