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, 2014

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 referred to as the "Group") for the year ended 31st December, 2014 together with comparative figures for the corresponding year of 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Year ended 31st December** **2014** **HK$'000**	2013 HK$'000
Gross proceeds from operations	4&5	**1,000,520**	1,028,439
Revenue	4	**624,001**	920,655
Cost of sales		**(131,598)**	(239,130)
Gross profit		**492,403**	681,525
Net gain in investments held for trading		**53,113**	92,777
Other income		**136,126**	134,710
Other gains and losses	6	**1,959**	22,384
Selling expenses		**(155,983)**	(183,269)
Administrative expenses		**(193,813)**	(222,930)
Gain on fair value changes of investment properties		**33,379**	283,631
Finance costs	7	**(158,573)**	(163,280)
		208,611	645,548
Share of results of associates		**1,476**	(1,015)
Share of results of joint ventures		**11,219**	4,370
Profit before taxation	8	**221,306**	648,903
Taxation	9	**(118,477)**	(359,613)
Profit for the year		**102,829**	289,290
Profit (loss) for the year attributable to:			
Owners of the Company		**95,985**	297,639
Non-controlling interests		**6,844**	(8,349)
		102,829	289,290
Earnings per share (HK cents)	11		
- Basic		**6.40**	20.51
- Diluted		**6.40**	20.51

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31st December	
	2014	2013
	HK$'000	HK$'000
Profit for the year	**102,829**	289,290
Other comprehensive (expenses) income		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising from translation of:		
- joint ventures	**(26,127)**	31,223
- other foreign operations	**(245,208)**	278,934
- associates	**(322)**	62
Gain on changes in fair value of available-for-sale investments	**16,984**	10,203
Reclassification adjustments:		
- release from exchange difference upon disposal of an associate	**-**	277
- release from reserve on acquisition upon sale of properties held for sale	**229**	1,161
- release from investment reserve upon disposal of available-for-sale investments	**9**	-
Other comprehensive (expenses) income for the year	**(254,435)**	321,860
Total comprehensive (expenses) income for the year	**(151,606)**	611,150
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(139,500)**	596,822
Non-controlling interests	**(12,106)**	14,328
	(151,606)	611,150

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December **2014** **HK$'000**	2013 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**7,105,014**	7,244,621
- Property, plant and equipment		**305,371**	328,251
Lease premium for land		**51,511**	59,599
Film distribution rights		**10,000**	11,416
Prepayment for film distribution rights		**85**	832
Goodwill		**33,288**	33,288
Deferred tax assets		**277,682**	265,491
Interests in associates		**14,360**	13,228
Interests in joint ventures		**1,076,595**	1,095,599
Other receivables		**157,520**	171,298
Available-for-sale investments		**146,134**	129,378
		9,177,560	9,353,001
Current Assets			
Lease premium for land		**6,236**	6,514
Properties under development		**7,206,630**	6,136,269
Deposits paid for land use rights		**1,770,500**	1,119,343
Properties held for sale		**2,634,286**	2,767,997
Trade and other receivables and prepayments	12	**420,126**	318,088
Investments held for trading		**8,842**	240,280
Inventories		**7,206**	7,029
Prepaid tax		**12,813**	-
Pledged bank deposits		**262,945**	806,183
Cash and bank balances		**2,072,759**	2,558,312
		14,402,343	13,960,015
Current Liabilities			
Trade and other payables and accruals	13	**879,879**	791,398
Receipts in advance		**626,483**	146,559
Taxation		**3,617,705**	3,707,528
Borrowings		**1,931,678**	1,793,691
		7,055,745	6,439,176
Net Current Assets		**7,346,598**	7,520,839
Total Assets Less Current Liabilities		**16,524,158**	16,873,840

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31st December	
	2014	2013
	HK$'000	HK$'000
Capital and Reserves		
Share capital	**763,064**	733,992
Share premium and reserves	**10,479,985**	10,702,032
Equity attributable to owners of the Company	**11,243,049**	11,436,024
Non-controlling interests	**861,578**	873,684
Total Equity	**12,104,627**	12,309,708
Non-Current Liabilities		
Amounts due to joint ventures	**113,514**	52,254
Borrowings	**2,700,713**	2,844,582
Deferred tax liabilities	**1,605,304**	1,667,296
	4,419,531	4,564,132
	16,524,158	16,873,840

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, 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the predecessor Hong Kong Companies Ordinance (Cap. 32).

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 HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

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

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.

The application of these amendments to HKAS 36 has had no material impact on the Group's consolidated financial statements.

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.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16, and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]

[1]Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.
[2]Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted.
[3]Effective for annual periods beginning on or after 1st July, 2014, with earlier application permitted.
[4]Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted.
[5]Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions. Earlier application is permitted.

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. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments.

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

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.

In July 2014, HKFRS 15 was issued and it establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

The amendments to HKAS 16 "Property, Plant and Equipment" prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 "Intangible Assets" introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or
(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

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 16 and HKAS 38 will have a material 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) PVC operations
- represents the gross revenue from sale of PVC pipes and fittings

(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, 2014 consist of the following:

	2014	2013
	HK$'000	HK$'000
Revenue from sale of properties	**254,806**	597,385
Revenue from sale of goods	**7,554**	3,156
Revenue from rendering of services from golf club operations	**57,199**	63,504
Revenue from property rental and management fee	**284,649**	241,161
Revenue from media and entertainment business	**19,793**	15,449
Revenue	**624,001**	920,655
Gross proceeds from sale of and dividend income from investments held for trading	**376,519**	107,784
Gross proceeds from operations	**1,000,520**	1,028,439

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 "Operating Segments" include securities trading segment which is dealing in investments held for trading.

2014

	Property Investment HK$'000	Property Development and Trading HK$'000	PVC Operations HK$'000	Leisure HK$'000	Media and Entertainment HK$'000	Securities Trading HK$'000	Total HK$'000
GROSS PROCEEDS FROM OPERATIONS - SEGMENT REVENUE	**284,649**	**254,806**	**7,554**	**57,199**	**19,793**	**376,519**	**1,000,520**
RESULTS							
Segment profit (loss)	**223,746**	**28,736**	**1,739**	**(21,658)**	**(2,851)**	**52,717**	**282,429**
Other unallocated income							**136,160**
Unallocated expenses							**(51,405)**
Finance costs							**(158,573)**
							208,611
Share of results of associates							**1,476**
Share of results of joint ventures							**11,219**
Profit before taxation							**221,306**

2013

	Property Investment HK$'000	Property Development and Trading HK$'000	PVC 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

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 details of revenue from each type of business and reconciliation of segment revenue to the Group's revenue of HK$624,001,000 (2013: HK$920,655,000), 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 China. The Group's revenue of property investment and property development and trading from external customers is based on location of properties sold and leased out. Revenue of PVC operations from external customers is based on the location of customers. Revenue of leisure segment 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

	2014	2013
	HK$'000	HK$'000
Recovery (allowance) for bad and doubtful debts, net	**1,925**	(8,000)
Net gain on disposal/write off of property, plant and equipment	**3,069**	47
Net exchange (loss) gain	**(3,258)**	6,631
Net gain on disposal of available-for-sale investments	**223**	-
Loss on disposal of an associate	**-**	(389)
Release of provision of indemnity to a disposed subsidiary (Note)	**-**	24,095
	1,959	22,384

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 was reversed to the consolidated statement of profit or loss in 2013.

7. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Interest on bank and others loans wholly repayable		
- within five years	**262,302**	199,223
- over five years	**14,124**	16,121
	276,426	215,344
Less: interest capitalised	**(117,853)**	(52,064)
	158,573	163,280

8. PROFIT BEFORE TAXATION

	2014	2013
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**19,886**	20,788
Amortisation of lease premium for land (included in administrative expenses)	**6,444**	6,672
Amortisation of film distribution right (included in cost of sales)	**4,511**	2,566
and after crediting:		
Dividends from investments held for trading (included in net gain in investments held for trading)	**5,813**	69
Other income		
- Interest income	**51,602**	32,305
- Dividends from available-for-sale investments – listed	**5,191**	5,113
- Dividends from available-for-sale investments – unlisted	**67,821**	75,114

9. TAXATION

	2014	2013
	HK$'000	HK$'000
The charge comprises:		
The Mainland of People's Republic of China (the "PRC") Enterprise Income Tax calculated at tax rates prevailing in the respective jurisdictions where the relevant individual group companies operate	**58,158**	129,196
PRC Land Appreciation Tax	**107,391**	237,679
Dividend withholding tax	**410**	31,338
Underprovision (overprovision) in prior years		
- PRC Enterprise Income Tax	**5,315**	939
- Dividend withholding Tax	**(14,971)**	-
Taiwan withholding income tax	**-**	199
	156,303	399,351
Deferred tax credit	**(37,826)**	(39,738)
Total tax charges for the year	**118,477**	359,613

The Hong Kong Profits Tax is calculated at 16.5% (2013: 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, 2014 is 25% (2013: 25%).

10. DIVIDEND

The Directors have declared payment of an interim dividend of 11 HK cents per share (2013: 12 HK cents per share) amounting to approximately HK$167,874,000 (2013: HK$176,158,000) for the year ended 31st December, 2014.

Of the dividend paid during the year, approximately HK$122,683,000 were paid in form of shares under the Company's scrip dividend scheme approved by the Board on 28th March, 2014 in respect of the interim dividend for the year ended 31st December, 2013.

Of the dividend paid during 2013, approximately HK$61,577,000 were paid in form of shares under the Company's scrip dividend scheme approved by the Company on 30th March, 2013 in respect of the interim dividend for the year ended 31st December, 2012.

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:

	2014	2013
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**95,985**	297,639
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,499,206,733**	1,451,458,346
Effect of dilutive potential ordinary shares		
- share options	**-**	54,302
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,499,206,733**	1,451,512,648

The computation of diluted earnings per share for the year 31st December, 2014 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$10,545,000 (2013: HK$15,035,000) and their aged analysis as at the end of the reporting period is as follows:

	2014	2013
	HK$'000	HK$'000
0 – 3 months	**3,834**	11,119
4 – 6 months	**2,499**	1,685
7 – 12 months	**4,212**	2,231
	10,545	15,035

13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$136,930,000 (2013: HK$151,611,000) and their aged analysis as at the end of the reporting period is as follows:

	2014	2013
	HK$'000	HK$'000
0 – 3 months	**29,391**	23,010
4 – 6 months	**4**	299
7 – 12 months	**181**	119
Over 1 year	**107,354**	128,183
	136,930	151,611

INTERIM DIVIDEND FOR THE YEAR ENDED 31ST DECEMBER, 2014

The Board has declared an interim dividend of 11 HK cents per share for the year ended 31st December, 2014 (2013: 12 HK cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 8th May, 2015 (the "Record Date"). Shareholders will be given an option to elect to receive shares of HK$0.50 each in the capital of the Company (the "Share(s)") 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 to be allotted thereunder. For the purpose of determining the number of new Shares to be allotted under the Scrip Dividend Scheme, the market value of a new Share will be calculated as the average of the closing prices per Share traded on the Stock Exchange for the five consecutive trading days up to and including the Record Date. A circular that 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 Monday, 15th June, 2015.

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 2014, the register of members of the Company will be closed from Wednesday, 6th May, 2015 to Friday, 8th May, 2015, 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 Tricor Secretaries Limited, the Company's share registrar in Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China ("China"), not later than 4:30 p.m. on Tuesday, 5th May, 2014 for registration; and

(b) The annual general meeting of the Company is scheduled to be held on Thursday, 28th May, 2015 (the "2015 AGM"). For the purpose of determining the shareholders who are entitled to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Tuesday, 26th May, 2015 to Thursday, 28th May, 2015, 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 2015 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, 22nd May, 2015 for registration.

GENERAL OVERVIEW

The Board of the Company is pleased to report a consolidated profit after taxation attributable to shareholders of the Company of approximately HK$95.99 million (2013: HK$297.64 million) and basic earnings per share of 6.40 HK cents (2013: 20.51 HK cents) for the year ended 31st December, 2014.

There was a noticeable decline in the results for the year 2014 as compared with previous financial year and this was mainly related to the results of property development and investment of the Group in China. This was principally attributable to a lower unrealized gain on fair value changes of investment properties of approximately HK$33.38 million for 2014 (2013: HK$283.63 million) upon revaluation as at the year-end date pursuant to the applicable accounting standards. In addition, there was a significant drop in the amount of sale proceeds of properties that could be recognized by the Group in 2014 to approximately HK$254.81 million (2013: HK$597.39 million) since part of the sale proceeds of Tomson Riviera and pre-sale proceeds of properties under development could not be recognized under the applicable accounting standards as the relevant properties have not been completed and/or delivered to the buyers during the year under review.

OPERATIONS REVIEW

The mainland of China is the base of the Group's major operations and property development and investment are the Group's most significant operating segments. There was a significant drop in proceeds from sale of the Group's properties in Shanghai, China that could be recognized during the year under review but it was partly offset by an increase in sale proceeds and dividend receipts from the trading securities of the Group in Hong Kong. This therefore resulted in a slight decrease in the gross proceeds from operations of the Group for the year 2014 to approximately HK$1,000.52 million (2013: HK$1,028.44 million). Excluding the gain on fair value changes of investment properties, the Group reported an operating profit of approximately HK$175.23 million for the year under review (2013: HK$361.92 million).

For the year ended 31st December, 2014, property investment was the primary profit contributor of the Group and this generated a segment profit of approximately HK$223.75 million (2013: HK$428.78 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.

Securities trading was the secondary profit maker to the Group by contributing a segment profit of approximately HK$52.72 million for the year 2014 (2013: HK$92.27 million) which was mainly attributable to a realized gain on disposal of the trading securities.

Owing to the reduction in the recognized sale proceeds of the Group's property projects in Shanghai, property development and trading segment only reported a profit of approximately HK$28.74 million (2013: HK$226.38 million) for the Group for the year under review and was the tertiary profit contributor of the Group.

The Group set up a wholly-owned subsidiary in mid-2013 to engage in export trade of PVC fittings. Taking account of the recovery of bad and doubtful debts of the manufacturing operation of PVC pipes and fittings which is under liquidation, the PVC operations segment recorded a segment profit of approximately HK$1.74 million for the year 2014 (2013: loss of approximately HK$23.09 million). The operating results of the PVC operations segment ranked fourth in terms of profit contribution amongst the operating segments of the Group during the year under review.

The media and entertainment segment reported a loss of approximately HK$2.85 million for the year under review (2013: HK$10.49 million).

The golf club operations of the Group recorded a loss of approximately HK$21.66 million for the year 2014 (2013: HK$19.31 million). However, the Group shared a profit of approximately HK$12.07 million (2013: HK$9.13 million) from its hotel investment in 2014.

Property Development and Investment

All the property projects of the Group were located in different cities of China. 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, 2014.

The Group's property development and investment in Pudong of Shanghai generated total revenue of approximately HK$539.46 million, which accounted for approximately 53.92% of the gross proceeds from operations of the Group for the year 2014. In addition, an unrealized gain on fair value changes of the investment properties of the Group of approximately HK$33.38 million was recorded at the year-end. Tomson Riviera continued to be the prime revenue generator and source of profit of the Group in 2014.

Tomson Riviera, Shanghai

Tomson Riviera is a notable high-rise residential development along the riverfront of Lujiazui of Pudong and right opposite the Bund. There are four residential towers. Based on the business strategy of the Group, two residential towers are earmarked for sale while the other two towers are retained for leasing purpose.

As at 31st December, 2014, there was total residential gross floor area of Towers A and C of approximately 20,900 square meters available for sale while of the total residential gross floor area of Towers B and D of approximately 58,400 square meters, approximately 67% were leased.

For the year 2014, sale proceeds, rental income and management fee were derived from the project and total revenue of approximately HK$307.02 million was recognized and this accounted for approximately 30.68% of the gross proceeds from operations of the Group. Besides, a number of residential units of the project were contracted for sale in December 2014 and receipts in advance of approximately HK$120.27 million were credited to the Group as at the end of the year under review and such amount is expected to be recognized in the annual results of the Group for 2015.

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.

The first two phases of the project have been completed and all the residential units of these phases were sold out. For the year 2014, total revenue of approximately HK$82.91 million was recognized and this accounted for approximately 8.29% of the gross proceeds from operations of the Group. The revenue generated from this project comprised sale proceeds, rental income and management fee.

In addition, the Group is developing Phase 3 of the project of 31 units of townhouses with a saleable gross floor area of approximately 9,400 square meters. The superstructure of this phase was topped out in January 2014 and construction works are scheduled for completion in mid-2015. Pre-sale commenced in mid-June 2014 and deposits for the pre-sale of the residential units of Phase 3 of approximately HK$58.73 million were credited as at the end of the year under review and are expected to be recognized in the annual results of the Group for 2015 when the property is ready for delivery to its buyers.

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$146.05 million to the Group and this accounted for approximately 14.60% of the gross proceeds from operations of the Group for the year 2014. The Group also recorded an unrealized gain on fair value changes of those investment properties of approximately HK$33.38 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 0.35% 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.

Jinqiao-Zhangjiang Project, 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 time for delivery of vacant possession of the last phase has been extended to the end of 2016.

The Tomson Portion will be developed into a low-density residential development in phases. The first phase of the project will comprise 43 low-density residential units with total saleable gross floor area of approximately 16,000 square meters, a club house and ancillary facilities. The superstructure of this phase has been topped out in December 2014 and construction works of this phase including the club house are scheduled to be completed in 2016.

In January 2013, the above wholly-owned subsidiary entered into a conditional framework 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 Group intends to incorporate these land lots into the master development plan of the Tomson Portion. Construction of the Development Project is under way. All contracting parties are working closely towards resolving and satisfying the requisite formalities for consummation of the acquisition as envisaged in the framework agreement.

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"). Phase two of Jinwan Plaza will include 3 high-rise buildings.

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 these two buildings was completed in January and August 2014 respectively and it is scheduled to have the entire project completed in the fourth quarter of 2015. The residential portion of these two buildings, named "Tomson Riviera Tianjin", is earmarked for sale and provides 749 units of total saleable gross floor area of approximately 155,500 square meters which were launched to the market for pre-sale in May 2014. As at 31st December, 2014, pre-sale deposits totalling approximately HK$209.99 million were received and such amount is expected to be recognized in the annual results of the Group for the year 2015 upon completion of the construction and delivery of the properties. In addition, Jinwan Real Estate is planning to commence advance leasing of space and tenant mix exercise for the commercial portion of these two buildings in the fourth quarter of 2015.

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 in progress and it is scheduled to have the superstructure of the building topped out in the second quarter of 2016. Construction works are expected to be completed in the first quarter of 2017.

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 double-layered club house, a swimming pool, a roof garden and car parking spaces with an estimated total gross floor area of approximately 22,842 square meters.

The superstructure of the project was topped out in 2013 and construction works of the whole project are tentatively scheduled for completion in 2015. As at 31st December, 2014, pre-sale deposits of a total amount of approximately HK$218.05 million were received and will be recognized upon completion of the construction and delivery of the properties. On-site sales office and show flat have been set up and it is planned to start the next round of marketing campaign in mid-2015.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club, Shanghai

Tomson Shanghai Pudong Golf Club situated in Pudong, Shanghai generated revenue of approximately HK$57.20 million, being approximately 5.72% of the gross proceeds from operations of the Group, for the year 2014. There was a decline in the operating results of the Club during the year under review and it was attributable to a drop in both the operation revenue from the Club and sale of membership debentures. As a result, the Club reported a segment loss of approximately HK$21.66 million for the year 2014.

The Club will strive to improve its results by upgrading the quality of services to its members and it has been selected as the venue to host the 21st tournament of the Volvo China Open in late April 2015.

InterContinental Shanghai Pudong, Shanghai

InterContinental Shanghai Pudong hotel, situated in Lujiazui of Pudong, Shanghai, reported an average occupancy rate of 75% in 2014 despite intense competition in the market. The Group, which holds a 50% interest in the hotel, shared a net profit of approximately HK$12.07 million from this investment for the year 2014. To maintain the profitability of the hotel, the hotel management has intensified its effort to control the operating costs and to promote the variety and quality of the food and beverage operations.

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 amounted to approximately HK$376.52 million and this accounted for approximately 37.63% 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$53.11 million for the year 2014.

Media and Entertainment Business

In anticipation of the potential increase in demand for leisure activities from visitors from the mainland of China 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 1.98% of the Group's gross proceeds from operations for the year ended 31st December, 2014. Taking account of selling and administrative expenses, a segment loss of approximately HK$2.85 million was recorded for the year 2014.

During the year under review, the Group recognized revenue from exploitation of theatrical rights, video rights and television rights under its film distribution business. Three films were theatrically released in Hong Kong and Macau in 2014 but revenue generated from the film shown in the last quarter of 2014 had not yet been ascertained by the year-end and therefore not recognized in the year 2014.

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 intends to participate in investments in various live performances in 2015.

PVC Operations

The manufacturing operation of PVC pipes and fittings in Shanghai, China in which the Group holds a 58% interest, commenced liquidation in the first quarter of 2013 after the expiry of the land use rights of the factory lot. To capitalize on the Group's established brand in the industry, the Group set up a wholly-owned subsidiary in mid-2013 to engage in export trade of PVC fittings. Both the manufacturing operation and trading business generated immaterial revenue which accounted for approximately 0.75% of the gross proceeds from operations of the Group for the year under review. Taking account of the recovery of bad and doubtful debts of the manufacturing operation, the PVC operations segment recorded a segment profit of approximately HK$1.74 million. It is anticipated that liquidation of the manufacturing operation will be completed in 2015 and the Group will be entitled to a final distribution upon dissolution.

Investment Holding

In addition to its own property development projects, the Group holds a 9.8% interest in the issued shares 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 mainland of China as long-term investments. Both companies are principally engaged in property development and investment in Shanghai. Dividends of approximately HK$73.01 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$16.98 million was credited to the investment reserve of the Group as at 31st December, 2014 according to the applicable accounting standards.

FINANCIAL REVIEW

Liquidity and Financing

The Group's capital expenditure and investments for the year ended 31st December, 2014 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$1,653.96 million while after including the time deposits with original maturity over three months, the cash and bank balances of the Group amounted to approximately HK$2,072.76 million. During the year under review, the Group achieved a net cash inflow of approximately HK$168.83 million from its investing activities. After taking into account the net cash outflow of approximately HK$845.48 million and HK$173.78 million from its operations and financing activities respectively, the Group recorded a net decrease in cash and cash equivalents of approximately HK$850.43 million for the year under review (2013: HK$346.15 million). The net decrease in cash and cash equivalents was mainly attributable to repayment of bank loans, addition of properties under development, payment of deposits for land use rights and placing of time deposits with original maturity over three months but this was partly offset by new bank borrowings and withdrawal of pledged bank deposits during the year under review.

As at 31st December, 2014, excluding receipts in advance, of the liabilities of the Group of approximately HK$10,848.79 million (2013: HK$10,856.75 million), about 42.70% were borrowings, about 33.35% were taxation under current liabilities, about 14.80% were deferred tax liabilities, about 8.11% were trade and other payables and accruals while the balance was the amounts due to joint ventures.

The Group's borrowings as at 31st December, 2014 amounted to approximately HK$4,632.39 million (2013: HK$4,638.27 million), equivalent to 41.20% (2013: 40.56%) of the equity attributable to owners of the Company at the same date. 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 41.70% were due for repayment on demand or within one year from the end of the reporting period, approximately 44.40% were repayable more than one year but not exceeding two years from the end of the reporting period, approximately 12.72% were due for repayment more than two years but not more than 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, for expenditure on properties under development, the Group had capital commitments of approximately HK$1,830.09 million (2013: HK$2,585.14 million) which were contracted but not provided for. In respect of the licensed rights for film distribution, capital commitments of approximately HK$0.34 million (2013: HK$3.53 million) were contracted but not provided for while there was no capital commitments authorized but not contracted for (2013: HK$0.41 million). 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, 2014, the Group recorded a current ratio of 2.04 times (2013: 2.17 times) and a gearing ratio (total liabilities to equity attributable to the owners of the Company) of 102.07% (2013: 96.22%). There was no significant change in current ratio while the rise in gearing ratio was mainly attributable to receipts of pre-sale deposits from properties under development during the year under review.

Charge on Assets

As at 31st December, 2014, assets of the Group with an aggregate carrying value of approximately HK$12,446.21 million (2013: HK$12,100.21 million) were pledged to banks to secure borrowings 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. Furthermore, all 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, 2014, the Group had a contingent liability of approximately US$0.86 million (2013: US$1.01 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 of the Company 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 approximately HK$435.05 million (2013: HK$384.22 million) to a bank to secure banking facilities for a property development project of a joint venture. Such banking facilities are secured by 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 of the Company 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 mainland of China on the real estate market and the downturn in the gambling revenue in Macau, the Group envisages challenges on the pace and volume of its property sale in 2015 and in the short-term. Nevertheless, the Group will maintain the momentum in its sale and leasing of its property portfolio in Shanghai, Tianjin as well as Macau.

Tomson Riviera will be the Group's principal source of profit for 2015 while Tomson Riviera Garden (Phase 3), Tomson Riviera Tianjin and One Penha Hill project are expected to become other significant sources of revenue of the Group for the year 2015. The Group will use its best effort to accomplish the completion and delivery of these three projects by the end of 2015.

The Group has built up its reputation as a developer of high-end residential properties on the mainland of China. The Group anticipates that, in tandem with the projected economic development on the mainland of China, there is potential for growth in the demand for properties catering to a high-income middle class and high net worth individuals. Investments in Jinqiao-Zhangjiang project 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 yield.

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, 2014, 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31st December, 2014 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 adequate check and balance of power is in place. 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 (the "Articles");

(c) in accordance with the Articles, 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 first general meeting of the Company after appointment 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 will be reserved for considering and approving notifiable/connected transactions or other corporate actions under the Listing Rules only, which should enhance efficiency in procedures for corporate matters; and

(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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR 2014

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 2014 of the Company will be available on both websites and despatched to the shareholders of the Company by the end of April 2015.

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

Hong Kong, 27th March, 2015

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