Tomson Group

TOMSON GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 258)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

The Board of Directors (the "Board") of Tomson Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2015 together with comparative figures for the corresponding period of 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Unaudited)

	Notes	**Six months ended 30th June 2015 HK$'000**	2014 HK$'000
Gross proceeds from operations	4&5	**605,448**	485,783
Revenue	4	**585,351**	303,466
Cost of sales		**(252,378)**	(43,362)
Gross profit		**332,973**	260,104
Other income		**25,480**	89,760
Gain on fair value changes of investment properties		**282,766**	21,120
Net gain in investments held for trading		**3,320**	31,050
Selling expenses		**(92,499)**	(74,292)
Administrative expenses		**(75,140)**	(93,928)
Other gains and losses	6	**13,969**	(1,885)
Finance costs	7	**(70,671)**	(76,572)
		420,198	155,357
Share of results of associates		**854**	(1,055)
Share of results of joint ventures		**2,974**	731
Profit before taxation	8	**424,026**	155,033
Taxation	9	**(183,296)**	(65,998)
Profit for the period		**240,730**	89,035
Profit (loss) for the period attributable to:			
Owners of the Company		**238,148**	92,588
Non-controlling interests		**2,582**	(3,553)
		240,730	89,035
Earnings per share (HK cents)	11		
- Basic		**15.55**	6.29
- Diluted		**15.55**	6.29

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

	Six months ended 30th June	
	2015	2014
	HK$'000	HK$'000
Profit for the period	**240,730**	89,035
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising from translation of:		
- subsidiaries	**(7,319)**	(247,066)
- joint ventures	**(1)**	(26,550)
- associates	**92**	(152)
Reclassification adjustments:		
- release from investment reserve upon disposal of available-for-sale investments	**(350)**	-
- release from reserve on acquisition upon sale of properties held for sale	**-**	229
Gain on changes in fair value of available-for-sale investments	**24,289**	3,951
Items that may not be reclassified to profit or loss:		
Gain on revaluation of property transferred from property, plant and equipment to investment properties	**27,209**	-
Deferred taxation arising on revaluation of property transferred from property, plant and equipment to investment properties	**(6,802)**	-
Other comprehensive income (expense) for the period	**37,118**	(269,588)
Total comprehensive income (expense) for the period	**277,848**	(180,553)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**275,268**	(157,818)
Non-controlling interests	**2,580**	(22,735)
	277,848	(180,553)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**(Unaudited) 30th June 2015 HK$'000**	(Audited) 31st December 2014 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**7,474,682**	7,105,014
- Property, plant and equipment		**241,597**	305,371
Lease premium for land		**48,289**	51,511
Film distribution rights		**10,000**	10,000
Prepayment for film distribution rights		**85**	85
Goodwill		**33,288**	33,288
Deferred tax assets		**286,855**	277,682
Interests in associates		**15,309**	14,360
Interests in joint ventures		**1,075,518**	1,076,595
Other receivables		**157,520**	157,520
Available-for-sale investments		**169,705**	146,134
		9,512,848	9,177,560
Current Assets			
Lease premium for land		**6,236**	6,236
Properties under development		**7,920,672**	7,206,630
Deposit paid for land use right		**1,770,500**	1,770,500
Properties held for sale		**2,397,286**	2,634,286
Trade and other receivables and prepayments	12	**485,684**	420,126
Investments held for trading		**14,163**	8,842
Inventories		**6,849**	7,206
Prepaid tax		**24,206**	12,813
Pledged bank deposits		**523,895**	262,945
Cash and bank balances		**2,042,711**	2,072,759
		15,192,202	14,402,343
Current Liabilities			
Trade and other payables and accruals	13	**889,685**	879,879
Receipts in advance		**1,000,780**	626,483
Taxation		**3,778,395**	3,617,705
Borrowings		**2,360,209**	1,931,678
		8,029,069	7,055,745
Net Current Assets		**7,163,133**	7,346,598
Total Assets Less Current Liabilities		**16,675,981**	16,524,158

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	(Unaudited) 30th June 2015 HK$'000	(Audited) 31st December 2014 HK$'000
Capital and Reserves		
Share capital	**794,333**	763,064
Share premium and reserves	**10,689,439**	10,479,985
Equity attributable to owners of the Company	**11,483,772**	11,243,049
Non-controlling interests	**864,158**	861,578
Total Equity	**12,347,930**	12,104,627
Non-Current Liabilities		
Amounts due to joint ventures	**113,514**	113,514
Borrowings	**2,668,209**	2,700,713
Deferred tax liabilities	**1,546,328**	1,605,304
	4,328,051	4,419,531
	16,675,981	16,524,158

Notes:

1. The condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Board of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2014.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

In the current interim period, the Group has applied, for the first time, amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period. The application of the amendments to HKFRSs has no material effect on the amounts reported and disclosures set out in these condensed consolidated financial statements.

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

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

Revenue represents the aggregate of revenue under the following headings:

(i) Property investment
- represents revenue from property management and rental income

(ii) Property development and trading
- represents gross revenue received and receivable from sale of properties

(iii) 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, films distribution and related income

Gross proceeds from operations include the gross proceeds received and receivable from investments held for trading under the business of securities trading, in addition to the above aggregated revenue.

Revenue and gross proceeds from each type of business for the period ended 30th June, 2015 consist of the following:

	Six months ended 30th June	
	2015	2014
	HK$'000	HK$'000
Revenue from sale of properties	**414,177**	122,581
Revenue from sale of goods	**1,196**	4,154
Revenue from rendering of services from golf club operations	**21,746**	27,125
Revenue from property rental and management fee	**144,669**	134,767
Revenue from media and entertainment business	**3,563**	14,839
Revenue	**585,351**	303,466
Gross proceeds from sale of and dividend income from investments held for trading	**20,097**	182,317
Gross proceeds from operations	**605,448**	485,783

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 Notes 4(i) to (v), the Group's operating segments under HKFRS 8 "Operating Segments" include securities trading segment which is dealings in investments held for trading.

	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
For the six months ended 30th June, 2015							
GROSS PROCEEDS FROM OPERATIONS							
Segment revenue	**144,669**	**414,177**	**1,196**	**21,746**	**3,563**	**20,097**	**605,448**
RESULTS							
Segment profit (loss)	**386,185**	**97,455**	**(1,820)**	**(7,067)**	**(1,901)**	**3,147**	**475,999**
Other unallocated income							**39,654**
Unallocated expenses							**(24,784)**
Finance costs							**(70,671)**
							420,198
Share of results of associates							**854**
Share of results of joint ventures							**2,974**
Profit before taxation							**424,026**
For the six months ended 30th June, 2014							
GROSS PROCEEDS FROM OPERATIONS							
Segment revenue	134,767	122,581	4,154	27,125	14,839	182,317	485,783
RESULTS							
Segment profit (loss)	109,602	32,695	1,202	(3,940)	1,628	30,870	172,057
Other unallocated income							86,440
Unallocated expenses							(26,568)
Finance costs							(76,572)
							155,357
Share of results of associates							(1,055)
Share of results of joint ventures							731
Profit before taxation							155,033

Except for the presentation of segment revenue which is different from the reported revenue in the condensed consolidated statement of profit or loss, the accounting policies of the operating segments are the same as the Group's accounting policies. For the details of revenue from each type of business and reconciliation of segment revenue to the Group's revenue of HK$585,351,000 (2014: HK$303,466,000), please refer to Note 4.

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

6. OTHER GAINS AND LOSSES

	Six months ended 30th June	
	2015	2014
	HK$'000	HK$'000
(Allowance) recovery of bad and doubtful debts, net	**(205)**	1,435
Net exchange gain (loss)	**177**	(3,304)
Net gain (loss) on disposal of property, plant and equipment, net of written off	**13,636**	(16)
Net gain on disposal of available-for-sale investments	**361**	-
	13,969	(1,885)

7. FINANCE COSTS

	Six months ended 30th June	
	2015	2014
	HK$'000	HK$'000
Interest on bank and other loans wholly repayable		
- within five years	**165,316**	122,983
- over five years	**5,999**	7,247
	171,315	130,230
Less: interest capitalised	**(100,644)**	(53,658)
	70,671	76,572

8. PROFIT BEFORE TAXATION

	Six months ended 30th June	
	2015	2014
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**8,893**	10,103
Amortisation of lease premium for land	**3,222**	3,220
Amortisation and impairment of film distribution rights	**-**	3,356
and after crediting:		
Dividends from investments held for trading (included in net gain in investments held for trading)	**31**	4,983
Other income		
- Interest income	**14,124**	13,143
- Dividends from available-for-sale investments - listed	**5,114**	5,113
- unlisted	**-**	67,821

9. TAXATION

	Six months ended 30th June	
	2015	2014
	HK$’000	HK$’000
The charge comprises:		
The Mainland of the 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	**89,319**	30,750
PRC Land Appreciation Tax	**156,767**	57,725
Dividend withholding tax	**405**	-
Underprovision (overprovision) in prior period		
- PRC Enterprise Income Tax	**1,828**	2,674
- Dividend withholding tax	**-**	(14,971)
	248,319	76,178
Deferred tax credit	**(65,023)**	(10,180)
Total tax charges for the period	**183,296**	65,998

The Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the assessable profit for the period. No tax is payable on the profit for the period arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. Taxation arising in other jurisdictions is recognized based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The income tax rate of the PRC subsidiaries for the period ended 30th June, 2015 is 25% (2014: 25%).

10. DIVIDEND

The Directors do not recommend payment of an interim dividend for the period under review (for the six months ended 30th June, 2014: Nil).

In June 2015, an interim dividend of 11 HK cents per share for the year ended 31st December, 2014 (2014: interim dividend of 12 HK cents per share for 2013) amounting to approximately HK$167,874,000 (2014: HK$176,158,000) in aggregate was paid to shareholders. Of the dividend paid during the period, approximately HK$133,329,000 was settled in fully paid shares under the Company’s scrip dividend scheme approved by the Board on 27th March, 2015 in respect of the interim dividend for the year ended 31st December, 2014.

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:

	Six months ended 30th June	
	2015	2014
	HK$'000	HK$'000
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	**238,148**	92,588
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,531,656,017**	1,471,839,373

The computation of diluted earnings per share for the period did not assume the exercise of the Company's 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$12,017,000 (2014: HK$10,545,000) and their aged analysis as at the end of the reporting period is as follows:

	30th June 2015 HK$'000	31st December 2014 HK$'000
0 – 3 months	**7,133**	3,834
4 – 6 months	**2,560**	2,499
7 – 12 months	**2,324**	4,212
	12,017	10,545

13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$118,973,000 (2014: HK$136,930,000) and their aged analysis as at the end of the reporting period is as follows:

	30th June 2015 HK$'000	31st December 2014 HK$'000
0 – 3 months	**11,996**	29,391
4 – 6 months	**156**	4
7 – 12 months	**164**	181
Over 1 year	**106,657**	107,354
	118,973	136,930

GENERAL OVERVIEW

For the first six months of 2015, the Group reported a consolidated profit after taxation attributable to shareholders of the Company of approximately HK$238.15 million (2014: HK$92.59 million), an increase of approximately 157% over that for the corresponding period in 2014, and basic earnings per share of 15.55 HK cents (2014: 6.29 HK cents), an increase of approximately 147% over that for the corresponding period in 2014.

This improvement in the results of the Group for the period under review was principally attributable to the amount of unrealized gain on fair value changes of investment properties of the Group in Shanghai, the People's Republic of China ("China") of approximately HK$282.77 million (2014: HK$21.12 million) arising from market valuation as at the period end pursuant to the applicable accounting standards. In addition, there was an increase in profit generated from the property development and trading of the Group in Shanghai that could be recognized during the first half of 2015 and it was represented by a segment profit of approximately HK$97.46 million for the period under review (2014: HK$32.70 million). However, as the transactions of securities trading were reduced in 2015, both the turnover and profit of Group's securities trading segment were lower. A net gain in investments held for trading of approximately HK$3.32 million was recorded for the period under review (2014: HK$31.05 million). Taking into account an increase in taxation mainly attributable to Land Appreciation Tax in the mainland of China, the consolidated profit of the Group for the first half of 2015 was approximately HK$240.73 million (2014: HK$89.04 million), an increase of approximately 170% over that for the corresponding period in 2014.

The Board of the Company does not recommend payment of an interim dividend for the six months ended 30th June, 2015 (interim dividend for the six months ended 30th June, 2014: Nil).

OPERATIONS REVIEW

The Group maintained its operation base in China for the period under review.

For the first half of 2015, property investment in Shanghai remained the primary profit contributor of the Group and this generated a segment profit of approximately HK$386.19 million (2014: HK$109.60 million), which was 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$97.46 million to the Group for the period under review (2014: HK$32.70 million) and it was the secondary profit contributor of the Group.

Securities trading in the Hong Kong Special Administrative Region ("Hong Kong") was the tertiary profit maker to the Group by contributing a segment profit of approximately HK$3.15 million for the period under review (2014: HK$30.87 million) mainly on disposal of the trading securities.

The Group set up a wholly-owned subsidiary in Shanghai in mid-2013 to engage in export trade of PVC fittings while its manufacturing operation of PVC pipes and fittings in Shanghai is under liquidation. The PVC operations recorded a segment loss of approximately HK$1.82 million for the period under review while a profit of approximately HK$1.20 million was reported for the corresponding period in 2014 after taking account of the recovery of bad and doubtful debts of the manufacturing operation.

The operations of media and entertainment segment reported a loss of approximately HK$1.90 million for the period under review (2014: profit of approximately HK$1.63 million).

The golf club operations of the Group reported a loss of approximately HK$7.07 million for the period under review (2014: HK$3.94 million). Nevertheless, the Group shared a net profit of approximately HK$6.28 million from its hotel investment for the first half of 2015 (2014: HK$4.10 million).

Property Development and Investment

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

Property development and investment in Shanghai generated total revenue of approximately HK$558.85 million and this accounted for approximately 92.30% of the gross proceeds from operations of the Group for the six months ended 30th June, 2015. In addition, an unrealized gain on fair value changes of the investment properties of the Group of approximately HK$282.77 million was recorded at the end of the period under review.

Tomson Riviera, Shanghai

Tomson Riviera comprises four residential towers erected along the riverfront of Lujiazui of Pudong and overlooking the Bund. The project provides a total residential 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 retained for leasing.

As at 30th June, 2015, a total of residential gross floor area of Towers A and C of approximately 19,200 square meters were available for sale while of the total residential gross floor area of Towers B and D of approximately 58,400 square meters, nearly 70% were leased.

For the first six months of 2015, the project recognized total revenue of approximately HK$481.93 million that accounted for approximately 79.60% of the gross proceeds from operations of the Group. The revenue was principally attributable to sale proceeds and the rest was derived from rental income and management fee. The Group also recorded an unrealized gain on fair value changes of the property of approximately HK$140.87 million as at the period end.

Besides, a few residential units of the project were contracted for sale in mid-2015 and further sale proceeds may 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.

For the period under review, rental income and management fee generated from the project in an aggregate of approximately HK$4.75 million was recognized and this accounted for approximately 0.78% of the gross proceeds from operations of the Group.

Pre-sale of Phase 3 of the project commenced in mid-June 2014. As at 30th June, 2015, of total saleable gross floor area of approximately 9,400 square meters, approximately 68% were contracted for pre-sale. The superstructure of Phase 3 was topped out in January 2014 and it is expected that the properties will be ready for delivery in late 2015. Pre-sale deposits of units of Phase 3 of approximately HK$268.99 million were credited as at the end of the period under review and will be recognized in the annual results of the Group for 2015 upon delivery of the properties.

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$70.89 million to the Group and this accounted for approximately 11.71% of the gross proceeds from operations of the Group for the period under review. The Group also recorded an unrealized gain on fair value changes of these investment properties of approximately HK$141.89 million as at the period end.

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 and there are now less than 10 units available for sale. During the period under review, an insignificant amount of revenue was generated from leasing of residential units, which accounted for approximately 0.21% of the gross proceeds from operations of the Group.

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 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 in phases. Construction works of Phase 1 commenced in January 2014 and are scheduled for completion in 2016. There will be 43 low-density residential units with total saleable gross floor area of approximately 16,000 square meters.

In January 2013, the said 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") in a plot of land with a site area of approximately 28,286.2 square meters in Jinqiao-Zhangjiang District, Pudong 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 negotiating with the local government authorities and 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 2 of Jinwan Plaza, which is situated in the central area of Heping District, Tianjin, by holding a 75% equity interest in Tianjin Jinwan Real Estate Development Co., Limited ("Jinwan Real Estate") and a 51% equity interest in Tianjin Jinwan Property Co., Limited ("Jinwan Property").

Jinwan Real Estate is developing two high-rise buildings of 25 and 57 stories respectively (including a 4-level podium) for residential and commercial purposes with total gross floor area of approximately 294,900 square meters. The superstructures of these two buildings were topped out in 2014 and the entire project is expected to be 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. The project was formally launched for pre-sale in May 2014 and as at 30th June, 2015, approximately 12% of the total saleable gross floor area was contracted for pre-sale. Pre-sale deposits of the residential units of approximately HK$490.59 million were credited as at the end of the period under review and will be recognized in the annual results of the Group for 2015 upon delivery of the properties.

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 superstructure of the building is under way and is scheduled to be topped out in 2016. Construction works are planned for completion in mid-2017. It is scheduled to launch the offices portion for pre-sale in the fourth quarter of 2015 and to commence advance leasing of space for the commercial portion in the second quarter of 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 units with a club house, swimming pool, roof garden and car parking spaces with an estimated total gross floor area of approximately 22,800 square meters. Construction works of the project have been completed and governmental procedures leading to the issue of occupation permit are in progress. As at 30th June, 2015, out of 63 residential units available for sale, nearly 30% were pre-sold. Pre-sale deposits of approximately HK$220.63 million were credited as at the end of the period under review and will be recognized in the annual results of the Group for 2015 upon delivery of the properties which is scheduled to be around late 2015. A new round of marketing campaign was launched in August 2015 and further units were contracted for pre-sale.

Securities Trading

For the period under review, the Group's securities trading business in Hong Kong reported revenue of approximately HK$20.10 million and this accounted for around 3.32% of the gross proceeds from operations of the Group. It was derived from sale proceeds of and dividend receipts from the trading securities held by the Group. After taking into account an unrealized gain on changes in fair value of the trading securities of the Group, a net gain in securities investments held for trading of approximately HK$3.32 million was reported for the six months ended 30th June, 2015.

PVC Operations

The manufacturing operation of PVC pipes and fittings in Shanghai, 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 insignificant revenue totalling approximately HK$1.20 million to the Group and this accounted for approximately 0.20% of the gross proceeds from operations of the Group for the period under review. The PVC operations recorded a segment loss of approximately HK$1.82 million in the first half of 2015.

Media and Entertainment

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 set up its film distribution business in 2011 and has participated in the production of live entertainment shows. Gross revenue received and receivable from this segment amounted to approximately HK$3.56 million and accounted for approximately 0.59% of gross proceeds from operations of the Group during the first six months of 2015. The revenue for the period was principally generated from investments in concert production and a segment loss of approximately HK$1.90 million was recorded during the period under review.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club, Shanghai

Tomson Shanghai Pudong Golf Club generated revenue of approximately HK$21.75 million, being approximately 3.59% of the gross proceeds from operations of the Group, and reported a segment loss of approximately HK$7.07 million for the six months ended 30th June, 2015. The decline in operating results of the Club for the period under review was mainly attributable to a drop in operation revenue from the Club and there was also a slight drop in the sale of membership debentures.

InterContinental Shanghai Pudong, Shanghai

The Group holds a 50% interest in InterContinental Shanghai Pudong hotel. The hotel reported an average occupancy rate of approximately 74% during the period under review. Both the revenue and profit of the hotel operation were in line with expectations and the Group shared a net profit of approximately HK$6.28 million from this investment for the period.

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, as a long-term investment. RHL is principally engaged in property development and investment in Shanghai as well as securities trading and investment in Hong Kong. The Group received dividends of approximately HK$5.11 million from RHL during the period under review.

In addition, an unrealized gain on changes in fair value of the Group's long-term securities investments of approximately HK$24.29 million was credited to the investment reserve of the Group as at the end of the period under review according to the accounting standards.

FINANCIAL REVIEW

Liquidity and Financing

The Group's capital expenditure and investments for the six months ended 30th June, 2015 were mainly funded by cash on hand, bank borrowings and revenue from operating activities and investing activities.

At the end of the reporting period, the cash and cash equivalents of the Group amounted to approximately HK$1,917.70 million while after including the time deposit with original maturity over three months, the cash and bank balances of the Group amounted to approximately HK$2,042.71 million. During the period under review, the Group generated a net cash inflow of approximately HK$7.44 million, HK$68.84 million and HK$187.46 million from its operations, investing activities and financing activities respectively, and therefore the Group recorded a net cash inflow of approximately HK$263.74 million (2014: net cash outflow of approximately HK$619.01 million). The net cash inflow for the period under review was mainly attributable to new bank borrowings raised and an increase in receipt of pre-sale deposits from properties under development but this was partly offset by the cash outflow arisen from addition of properties under development and repayment of bank borrowings.

As at 30th June, 2015, excluding receipts in advance, of the liabilities of the Group of approximately HK$11,356.34 million (31st December, 2014: HK$10,848.79 million), about 44.28% were borrowings, about 33.27% were taxation under current liabilities, about 13.62% were deferred tax liabilities, about 7.83% were trade and other payables and accruals while the balance was amounts due to joint ventures.

The Group's borrowings as at 30th June, 2015 amounted to approximately HK$5,028.42 million (31st December, 2014: HK$4,632.39 million), equivalent to 43.79% (31st December, 2014: 41.20%) 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 under security and approximately 19% were subject to fixed interest rate. Of these borrowings, approximately 46.94% were repayable within one year from the end of the reporting period, approximately 40.91% were repayable more than one year but not exceeding two years from the end of the reporting period, approximately 11.31% were repayable 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, the Group had capital commitments in relation to expenditure on properties under development of approximately HK$1,587.47 million (31st December, 2014: HK$1,830.09 million) which were contracted but not provided for while there was no such commitment authorized but not contracted for (31st December, 2014: Nil). 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 30th June, 2015, the Group recorded a current ratio of 1.89 times (31st December, 2014: 2.04 times) and a gearing ratio (total liabilities to equity attributable to owners of the Company) of 107.61% (31st December, 2014: 102.07%). There was no significant change in the current ratio while the rise in gearing ratio was mainly attributable to new borrowings raised and receipt of pre-sale deposits from properties under development.

Charge on Assets

As at 30th June, 2015, assets of the Group with an aggregate carrying value of approximately HK$13,449.87 million (31st December, 2014: HK$12,446.21 million) were pledged to banks for securing bank loans of the Group.

Foreign Exchange Exposure

The majority of the Group's assets and liabilities are denominated in Renminbi, and the liabilities are well covered by the assets. The recent depreciation in value of Renminbi may have an adverse effect on the Group. Nevertheless, the exchange difference may have a negative impact mainly on the net asset value of the Group and it is not expected that the annual results of the Group for 2015 will be materially affected. All of the other assets and liabilities of the Group are denominated in either Hong Kong Dollar or United States Dollar. Hence, the Group anticipates that the exchange risk exposure is manageable.

Contingent Liabilities

As at 30th June, 2015, the Group had a contingent liability of approximately US$0.79 million (31st December, 2014: US$0.86 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 provided a financial guarantee of approximately HK$433.80 million (31st December, 2014: HK$435.05 million) to a bank to secure banking facilities for a property development project of a joint venture. Such banking facilities are secured by a 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 mainland of China on the real estate market, the downturn in the gaming revenue in Macau and recent fluctuations in the global stock markets, the Group envisages challenges affecting the pace and volume of its property sale will continue in 2015 and in the medium-term. Tomson Riviera Tianjin is approximately 45 kilometers away from the recent explosion site in Binhai New Area of Tianjin but the market sentiment of the property market in Tianjin may be adversely affected in the short-term. Nevertheless, the Group will maintain the momentum in its sale and leasing of its property portfolio in Shanghai, Tianjin and 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 projects 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 within 2015.

It is expected that the global and Hong Kong financial markets will remain volatile in the second half of 2015. 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 six months ended 30th June, 2015, 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 considers that the Company has complied with all the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period of six months ended 30th June, 2015, 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 his 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 INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

This interim results announcement is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and on the Company's website at http://www.tomson.com.hk. The Interim Report 2015 of the Company will be available on both websites and despatched to the shareholders of the Company by the end of September 2015.

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

Hong Kong, 28th August, 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.