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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, 2015

The Board of Directors (the "Board") of Tomson Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2015 together with comparative figures for the corresponding year of 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31st December 2015 HK$'000	2014 HK$'000
Gross proceeds from operations	4&5	**2,738,725**	1,000,520
Revenue	4	**2,713,186**	624,001
Cost of sales		**(1,364,994)**	(131,598)
Gross profit		**1,348,192**	492,403
Net (loss) gain in investments held for trading		**(9,577)**	53,113
Other income		**118,308**	136,126
Other gains and losses	6	**539**	1,959
Selling expenses		**(335,305)**	(155,983)
Administrative expenses		**(170,699)**	(193,813)
Gain on fair value changes of investment properties		**392,079**	33,379
Finance costs	7	**(149,429)**	(158,573)
		1,194,108	208,611
Share of results of associates		**448**	1,476
Share of results of joint ventures		**12,250**	11,219
Profit before taxation	8	**1,206,806**	221,306
Taxation	9	**(582,044)**	(118,477)
Profit for the year		**624,762**	102,829
Profit for the year attributable to:			
Owners of the Company		**534,074**	95,985
Non-controlling interests		**90,688**	6,844
		624,762	102,829
Earnings per share (HK cents)	11		
- Basic		**34.23**	6.40
- Diluted		**34.23**	6.40

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31st December	
	2015	2014
	HK$'000	HK$'000
Profit for the year	**624,762**	102,829
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising from translation of:		
- other foreign operations	**(485,180)**	(245,208)
- joint ventures	**(48,519)**	(26,127)
- associates	**(525)**	(322)
Gain on changes in fair value of available-for-sale investments	**5,113**	16,984
Reclassification adjustments:		
- release from reserve on acquisition upon sale of properties held for sale	**-**	229
- release from investment reserve upon disposal of available-for-sale investments	**(350)**	9
- release from foreign currencies translation reserves upon disposal of a subsidiary	**(14)**	-
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 expense for the year	**(509,068)**	(254,435)
Total comprehensive income (expense) for the year	**115,694**	(151,606)
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**60,623**	(139,500)
Non-controlling interests	**55,071**	(12,106)
	115,694	(151,606)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December 2015 HK$'000	2014 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**7,258,654**	7,105,014
- Property, plant and equipment		**236,467**	305,371
Lease premium for land		**42,504**	51,511
Film distribution rights		**5,491**	10,000
Prepayment for film distribution rights		**-**	85
Goodwill		**33,288**	33,288
Deferred tax assets		**317,600**	277,682
Interests in associates		**14,289**	14,360
Interests in joint ventures		**1,025,781**	1,076,595
Other receivables		**60,874**	157,520
Available-for-sale investments		**149,598**	146,134
		9,144,546	9,177,560
Current Assets			
Lease premium for land		**5,955**	6,236
Properties under development		**3,136,392**	7,206,630
Deposits paid for land use rights		**1,690,407**	1,770,500
Properties held for sale		**6,680,195**	2,634,286
Trade and other receivables and prepayments	12	**484,312**	420,126
Investments held for trading		**83,145**	8,842
Inventories		**5,994**	7,206
Prepaid tax		**-**	12,813
Pledged bank deposits		**337,778**	262,945
Cash and bank balances		**2,780,454**	2,072,759
		15,204,632	14,402,343
Current Liabilities			
Trade and other payables and accruals	13	**1,380,007**	879,879
Receipts in advance		**655,148**	626,483
Taxation		**4,026,295**	3,617,705
Borrowings		**3,179,898**	1,931,678
Amount due to a joint venture		**48,699**	-
		9,290,047	7,055,745
Net Current Assets		**5,914,585**	7,346,598
Total Assets Less Current Liabilities		**15,059,131**	16,524,158

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31st December	
	2015	2014
	HK$'000	HK$'000
Capital and Reserves		
Share capital	**794,333**	763,064
Share premium and reserves	**10,474,794**	10,479,985
Equity attributable to owners of the Company	**11,269,127**	11,243,049
Non-controlling interests	**917,215**	861,578
Total Equity	**12,186,342**	12,104,627
Non-Current Liabilities		
Amounts due to joint ventures	**59,680**	113,514
Borrowings	**1,366,734**	2,700,713
Deferred tax liabilities	**1,446,375**	1,605,304
	2,872,789	4,419,531
	15,059,131	16,524,158

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, 2015.

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 (the "Listing Rules") and by the Hong Kong Companies Ordinance (Cap. 622).

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to certain provisions of the Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and to tie in with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31st December, 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31st December, 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Hong Kong Companies Ordinance (Cap. 32) or Listing Rules but not under the Hong Kong Companies Ordinance (Cap. 622) or amended Listing Rules are not disclosed in these consolidated financial statements.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above amendments to HKFRSs 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[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

[1]Effective for annual periods beginning on or after 1st January, 2016
[2]Effective for annual periods beginning on or after 1st January, 2018
[3]Effective for annual periods beginning on or after a date to be determined

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.

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.

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

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.

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.

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 and dividend income 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, 2015 consist of the following:

	2015	2014
	HK$'000	HK$'000
Revenue from sale of properties	**2,344,192**	254,806
Revenue from sale of goods	**2,825**	7,554
Revenue from rendering of services from golf club operations	**51,182**	57,199
Revenue from property rental and management fee	**307,792**	284,649
Revenue from media and entertainment business	**7,195**	19,793
Revenue	**2,713,186**	624,001
Gross proceeds from sale of and dividend income from investments held for trading	**25,539**	376,519
Gross proceeds from operations	**2,738,725**	1,000,520

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.

2015

	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	**307,792**	**2,344,192**	**2,825**	**51,182**	**7,195**	**25,539**	**2,738,725**
RESULTS							
Segment profit (loss)	**606,334**	**727,905**	**497**	**(38,040)**	**(8,810)**	**(9,968)**	**1,277,918**
Other unallocated income							**116,745**
Unallocated expenses							**(51,126)**
Finance costs							**(149,429)**
							1,194,108
Share of results of associates							**448**
Share of results of joint ventures							**12,250**
Profit before taxation							**1,206,806**

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

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$2,713,186,000 (2014: HK$624,001,000), please refer to Note 4.

5. SEGMENT INFORMATION (continued)

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

Geographical Information

The Group's operations, assets and revenue are substantially situated in or derived from the Mainland of the People's Republic of China (the "PRC"). The Group's revenue of property investment and property development and trading from external customers is based on location of properties sold and leased out. Revenue of 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

	2015	2014
	HK$'000	HK$'000
Recovery for bad and doubtful debts, net	**2,102**	1,925
Net gain on disposal/write off of property, plant and equipment	**14,510**	3,069
Net exchange loss	**(13,396)**	(3,258)
Net gain on disposal of available-for-sale investments	**361**	223
Impairment loss on available-for-sale investments	**(931)**	-
Loss on disposal of a subsidiary	**(2,107)**	-
	539	1,959

7. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Interest on borrowings	**329,214**	276,426
Less: interest capitalised	**(179,785)**	(117,853)
	149,429	158,573

8. PROFIT BEFORE TAXATION

	2015	2014
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**19,432**	19,886
Amortisation of lease premium for land (included in administrative expenses)	**6,089**	6,444
Amortisation of film distribution right (included in cost of sales)	**908**	4,511
and after crediting:		
Dividends from investments held for trading (included in net (loss) gain in investments held for trading)	**940**	5,813
Other income		
- Interest income	**34,373**	51,602
- Dividends from available-for-sale investments – listed	**5,114**	5,191
- Dividends from available-for-sale investments – unlisted	**62,224**	67,821

9. TAXATION

	2015	2014
	HK$'000	HK$'000
The charge comprises:		
PRC Enterprise Income Tax	**279,161**	58,158
PRC Land Appreciation Tax	**447,653**	107,391
Dividend withholding tax	**930**	410
Underprovision (overprovision) in prior years		
- PRC Enterprise Income Tax	**5,193**	5,315
- Dividend withholding Tax	**-**	(14,971)
	732,937	156,303
Deferred tax credit	**(150,893)**	(37,826)
Total tax charges for the year	**582,044**	118,477

The Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%). No provision for taxation in Hong Kong has been made since there is no assessable profit for the year (2014: the assessable profit was wholly absorbed by tax losses brought forward).

The income tax rate of the PRC subsidiaries for the year ended 31st December, 2015 is 25% (2014: 25%).

10. DIVIDEND

Subsequent to the end of reporting period, the Directors have declared payment of an interim dividend of 21 HK cents per share (2014: 11 HK cents per share) amounting to approximately HK$333,620,000 (2014: HK$167,874,000) for the year ended 31st December, 2015.

Of the dividend paid during 2015, 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.

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

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:

	2015 **HK$'000**	2014 HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**534,074**	95,985
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,560,394,727**	1,499,206,733
Effect of dilutive potential ordinary shares		
- share options	**-**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,560,394,727**	1,499,206,733

The computation of diluted earnings per share for the year 31st December, 2015 and 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$10,064,000 (2014: HK$10,545,000) and their aged analysis as at the end of the reporting period is as follows:

	2015	2014
	HK$'000	HK$'000
0 – 3 months	**5,249**	3,834
4 – 6 months	**1,260**	2,499
7 – 12 months	**3,555**	4,212
	10,064	10,545

13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$545,584,000 (2014: HK$136,930,000) and their aged analysis as at the end of the reporting period is as follows:

	2015	2014
	HK$'000	HK$'000
0 – 3 months	**445,449**	29,391
4 – 6 months	**167**	4
7 – 12 months	**306**	181
Over 1 year	**99,662**	107,354
	545,584	136,930

INTERIM DIVIDEND FOR THE YEAR ENDED 31ST DECEMBER, 2015

The Board has declared an interim dividend of 21 HK cents per share for the year ended 31st December, 2015 (2014: 11 HK cents per share) to shareholders whose names appear on the register of members of the Company on Monday, 9th May, 2016 (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 an amount equal to 95% of 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 providing full details of the Scrip Dividend Scheme, together with a form of election, will be sent to the shareholders of the Company in due course. Dividend warrants and/or share certificates for the scrip dividend are expected to be despatched on Thursday, 16th June, 2016.

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 2015, the register of members of the Company will be closed from Thursday, 5th May, 2016 to Monday, 9th May, 2016, 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 the Hong Kong Special Administrative Region of the People's Republic of China ("China") ("Hong Kong"), at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 4th May, 2016 for registration; and

(b) The annual general meeting of the Company is scheduled to be held on Thursday, 26th May, 2016 (the "2016 AGM"). For the purpose of determining the shareholders who are entitled to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Tuesday, 24th May, 2016 to Thursday, 26th May, 2016, 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 2016 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Secretaries Limited, the Company's share registrar in Hong Kong, at the above address not later than 4:30 p.m. on Monday, 23rd May, 2016 for registration.

GENERAL OVERVIEW

In respect of the consolidated results of the Group for the year ended 31st December, 2015, the Board of the Company is pleased to report a consolidated profit after taxation attributable to shareholders of the Company of approximately HK$534.07 million (2014: HK$95.99 million) and basic earnings per share of 34.23 HK cents (2014: 6.40 HK cents).

The noticeable progress in the results for the year 2015 was mainly related to the performance of property development and investment of the Group in China. This was principally attributable to a significant increase in profit generated from the property development and trading segment of the Group in Shanghai and Tianjin and it was represented by a segment profit of approximately HK$727.91 million for the year under review (2014: HK$28.74 million). In addition, there was a higher unrealized gain on fair value changes of investment properties of the Group in Shanghai of approximately HK$392.08 million for the year 2015 (2014: HK$33.38 million) arising from market valuation as at the year-end date pursuant to the applicable accounting standards. However, in view of the reduction in the transactions of securities trading in 2015 and the negative impact from the overall decline in stock market prices in the second half of the year, a net loss in investments held for trading of approximately HK$9.58 million was recorded for the year under review (2014: net gain of approximately HK$53.11 million). Taking into account an increase in taxation mainly attributable to Land Appreciation Tax in the mainland of China, there was an increase of approximately 4.56 times in the consolidated profit after taxation attributable to the shareholders of the Company for the year ended 31st December, 2015 as compared with that for the corresponding period in 2014.

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 increase in proceeds from sale of the Group's properties in both Shanghai and Tianjin that could be recognized during the year under review. This resulted in a substantial increase in the gross proceeds from operations of the Group for the year 2015 to approximately HK$2,738.73 million (2014: HK$1,000.52 million). Excluding the unrealized gain on fair value changes of investment properties, the Group reported an operating profit of approximately HK$802.03 million for the year under review (2014: HK$175.23 million).

For the year ended 31st December, 2015, the property development and trading segment was the primary profit contributor of the Group and this generated a segment profit of approximately HK$727.91 million (2014: HK$28.74 million).

Property investment was the secondary profit maker of the Group by contributing a segment profit of approximately HK$606.33 million for the year 2015 (2014: HK$223.75 million), derived from the steady recurrent rental and management income from the investment properties of the Group as well as the unrealized gain on fair value changes of those investment properties.

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. Taking account of the profit generated from the sale of a property of the manufacturing operation, the PVC operations recorded a segment profit of approximately HK$0.50 million for the year under review (2014: HK$1.74 million) and was the tertiary profit contributor of the Group.

The operations of media and entertainment segment reported a loss of approximately HK$8.81 million for the year under review (2014: HK$2.85 million).

Owing to an unrealized loss on changes in fair value of the trading securities investments under the applicable accounting standards arising from the overall decline in stock market prices, securities trading business in Hong Kong reported a net loss of approximately HK$9.58 million (2014: net gain of approximately HK$53.11 million).

The golf club operations of the Group recorded a loss of approximately HK$38.04 million for the year 2015 (2014: HK$21.66 million). However, the Group shared a net profit of approximately HK$15.16 million from its hotel investment in 2015 (2014: HK$12.07 million).

Property Development and Investment

Property development and investment remained the core business and the principal source of profit of the Group for the year ended 31st December, 2015. Property projects of the Group were located in different first tier cities of China. For the year under review, the projects in Pudong of Shanghai generated total revenue of approximately HK$1,719.62 million, which accounted for approximately 62.79% of the gross proceeds from operations of the Group whereas the project in Tianjin generated total revenue of approximately HK$932.36 million, which accounted for approximately 34.04% of the gross proceeds from operations of the Group. In addition, an unrealized gain on fair value changes of the investment properties of the Group in Shanghai of approximately HK$392.08 million was recorded at the year-end date. Tomson Riviera continued to be the prime source of profit of the Group in 2015.

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.

As at 31st December, 2015, a total of residential gross floor area of Towers A and C of approximately 17,000 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, approximately 82% were leased.

For the year 2015, sale proceeds, rental income and management fee were derived from the project and total revenue of approximately HK$859.12 million was recognized and this accounted for approximately 31.37% of the gross proceeds from operations of the Group. The Group also recorded an unrealized gain on fair value changes of the property of approximately HK$175.08 million as at the year-end date. Besides, a number of residential units of the project were contracted for sale in the second half of 2015 and receipts in advance of approximately HK$215.57 million were credited to the Group as at the end of the year under review and such amount is expected to be recognized in 2016.

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.

Development of the whole project has been completed and all the residential units of the first two phases were sold out. The occupation permit of Phase 3, being the last phase of the project, was obtained in November 2015 and delivery of the sold properties to the buyers commenced that month. There are 31 units of townhouses with a saleable gross floor area of approximately 9,400 square meters of which approximately 90% were contracted for sale as at 31st December, 2015. In this connection, total revenue of approximately HK$707.77 million was recognized for the year 2015 and this accounted for approximately 25.84% of the gross proceeds from operations of the Group. The revenue was principally attributable to the sales proceeds of Phase 3 and the rest was derived from the rental income and management fee. Furthermore, deposits of approximately HK$8.86 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 interim results of the Group for 2016.

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$150.23 million to the Group and this accounted for approximately 5.49% of the gross proceeds from operations of the Group for the year 2015. The Group also recorded an unrealized gain on fair value changes of the aforesaid investment properties of approximately HK$217.00 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 residential 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 0.09% of the gross proceeds from operations of the Group.

The Group also holds less than 10 car parking spaces at 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 of 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 and the time for delivery of vacant possession of the last phase has been extended to the end of 2016.

Initial plans called for the Tomson Portion to 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 the residential units had been topped out in December 2014 but completion of construction works relating to the club house and ancillary facilities was behind schedule and is expected to be deferred to the first half of 2017.

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 (the "Sports Portion") 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 of Pudong at a tentative total consideration of approximately RMB1,098.16 million. As these two plots of land are intermingled with the Tomson Portion, the Group had intended to incorporate these land lots into the master development plan of the Tomson Portion. Construction of the Development Project is under way and pursuant to the provisions of the above framework agreement, completion of the transfers of the land use rights of the Sports Portion and the Development Project is interconditional. There have been some delay in achieving this goal but all contracting parties have been collaborating closely towards resolving and satisfying the requisite formalities for consummation of the acquisition of the Sports Portion and Development Project by the Group as envisaged in the framework agreement and in the best interest of all parties concerned.

Phase 2 of Jinwan Plaza, Tianjin

Since 2010, 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 has completed the development of two high-rise buildings of 25 and 57 stories respectively (including a 4-level podium) in 2015 for residential and commercial purposes with total gross floor area of approximately 294,900 square meters. 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 have been launched to the market for pre-sale since May 2014. As at 31st December, 2015, approximately 24% of the total saleable gross floor area was contracted for sale. Revenue of approximately HK$932.36 million was recognized for the year under review upon delivery of the units sold starting from November 2015 and this accounted for approximately 34.04% of the gross proceeds from operations of the Group. In addition, sale deposits totaling approximately HK$178.80 million were credited to the Group and such amount is expected to be recognized in 2016. In addition, Jinwan Real Estate is considering commencement of advance leasing of the commercial portion of these two buildings, named "One Mall", at the end of 2016.

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 is in progress and is scheduled to be topped out in the third quarter of 2016. Construction works are planned for completion in the fourth quarter of 2017. It is the current intention to launch the office portion for pre-sale in mid-2016 and it is considering commencement of advance leasing of the commercial portion at the end 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 the Macau Special Administrative Region of China ("Macau"). The development project is named "One Penha Hill" and consists of four blocks of residential towers with a club house, swimming pool, roof garden and car parking spaces with an estimated total gross floor area of approximately 22,800 square meters.

Practical completion of the entire project had been achieved in 2015. As at 31st December, 2015, approximately 35% of the residential gross floor area were contracted for sale and pre-sale deposits of a total amount of approximately HK$234.22 million were received and will be recognized upon delivery of the properties. Since the occupation permit of the project was only issued in mid-January 2016, the pre-sale deposits could not be recognized in the annual results for 2015. Property handover is in progress and it is expected that this project will be one of the major sources of profit of the Group for the first six months of 2016.

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 totaling approximately HK$2.83 million to the Group and this accounted for approximately 0.11% of the gross proceeds from operations of the Group for the year under review. Taking account of the profit generated from sale of a property of the manufacturing operation, the PVC operations recorded a segment profit of approximately HK$0.50 million. Owing to a delay in tax clearance by the local authorities, completion of the liquidation of the manufacturing operation will be deferred and the Group anticipates a final distribution upon dissolution in 2016.

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 set up its film distribution business in 2011 and has participated in the production of live entertainment shows. An action film, "The Gunman", was theatrically released in Hong Kong in 2015.

Gross revenue received and receivable from this segment amounted to approximately HK$7.20 million and this accounted for approximately 0.26% of the Group's gross proceeds from operations for the year ended 31st December, 2015. Taking account of diminution in value of film distribution rights, a segment loss of approximately HK$8.81 million was recorded for the year 2015.

The revenue for the year under review was principally generated from investments in concert production. 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 continue participating in investments in various live performances in 2016.

Revenue recognized under the film distribution business was generated from receipt of licence fee, and exploitation of theatrical rights and video rights.

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$25.54 million and this accounted for approximately 0.93% of the gross proceeds from operations of the Group for the year under review. After taking into account an unrealized loss on changes in fair value of the trading securities suffered from the negative impact of the overall decline in the stock market prices, the Group recorded a net loss in securities investments held for trading of approximately HK$9.58 million for the year 2015.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club, Shanghai

Tomson Shanghai Pudong Golf Club, situated in Pudong of Shanghai, generated revenue of approximately HK$51.18 million, being approximately 1.87% of the gross proceeds from operations of the Group, for the year 2015. There was a decline in the operating results of the Club during the year under review and it was mainly attributable to a drop in operation revenue from the Club. As a result, the Club reported a segment loss of approximately HK$38.04 million for the year 2015.

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

InterContinental Shanghai Pudong, Shanghai

InterContinental Shanghai Pudong hotel, situated in Lujiazui of Pudong, Shanghai, reported an average occupancy rate of approximately 80% in 2015 despite intense competition in the market. The Group, which holds a 50% interest in the hotel, shared a net profit of approximately HK$15.16 million from this investment for the year 2015. Improvements in both the revenue and profit of the hotel operation had been recorded for the year under review. To maintain the profitability of the hotel, the hotel management has focused its efforts to control operating costs, to promote the variety and quality of the food and beverage operations and to further raise the occupancy rate.

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$67.34 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$5.11 million was credited to the investment reserve of the Group as at 31st December, 2015 according to the applicable accounting standards.

FINANCIAL REVIEW

Liquidity and Financing

The Group's operations and investments for the year ended 31st December, 2015 were funded by cash on hand, 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$2,780.45 million. During the year under review, the Group achieved a net cash inflow of approximately HK$1,081.76 million and HK$476.26 million from its operating and investing activities respectively. After taking into account the net cash outflow of approximately HK$262.83 million from its financing activities, the Group recorded a net increase in cash and cash equivalents of approximately HK$1,295.19 million for the year under review (2014: decrease of approximately HK$850.43 million). The net increase in cash and cash equivalents was mainly attributable to receipt of sale proceeds of properties held for sale, new borrowings raised and withdrawal of time deposits with original maturity over three months but this was partly offset by repayment of bank borrowings and the addition to properties under development during the year under review.

As at 31st December, 2015, excluding receipts in advance, of the liabilities of the Group of approximately HK$11,507.69 million (2014: HK$10,848.79 million), about 39.51% were borrowings, about 34.99% were taxation under current liabilities, about 12.57% were deferred tax liabilities, about 11.99% 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, 2015 amounted to approximately HK$4,546.63 million (2014: HK$4,632.39 million), equivalent to 40.35% (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 28% were subject to fixed interest rates. Of those borrowings, approximately 69.94% were due for repayment on demand or within one year from the end of the reporting period, approximately 8.76% were repayable more than one year but not exceeding two years from the end of the reporting period, approximately 20.67% 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, the Group had commitments in relation to expenditure on properties under development of approximately HK$596.94 million (2014: HK$1,830.09 million) which were contracted but not provided for. The Group anticipates that these commitments will be funded from its future operating revenue, bank borrowings and other sources of finance where appropriate.

As at 31st December, 2015, the Group recorded a current ratio of 1.64 times (2014: 2.04 times) and a gearing ratio (total liabilities to equity attributable to the owners of the Company) of 107.93% (2014: 102.07%). The drop in current ratio mainly resulted from an increase in current liabilities as some borrowings were classified as repayable within one year during the year under review. The rise in gearing ratio was mainly attributable to an increase in tax payable and an increase in trade payables for the property development projects.

Charge on Assets

As at 31st December, 2015, assets of the Group with an aggregate carrying value of approximately HK$12,809.17 million (2014: HK$12,446.21 million) were pledged to borrowers 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 recent depreciation in value of Renminbi may have adverse effects on the Group. The exchange difference may have a negative impact mainly on the net asset value of the Group in the short run. 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 31st December, 2015, the Group had a contingent liability of approximately US$0.71 million (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 funds paid for hotel renovation and system upgrading. The Board is of the opinion that it would be unlikely for the Group to suffer any material financial loss as a result of giving the aforesaid guarantee.

In addition, the Group has provided a financial guarantee of approximately HK$472.67 million (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 the floating charge over the property under development of the joint venture with a carrying amount which is much higher than the utilized loan balance at the end of the reporting period. The Board therefore considers that it is unlikely that the guarantee will be enforced.

PROSPECTS

Faced with various regulations and measures imposed by both the local and central governments of the mainland of China on the real estate market, the downturn in gaming revenue in Macau and recent fluctuations in the global stock markets, the Group envisages challenges on the pace and volume of its property sale in 2016 and in the medium-term. Nevertheless, the Group will endeavour to 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 while Tomson Riviera Tianjin and One Penha Hill project are expected to become other significant sources of revenue of the Group for the year 2016. The Group will use its best effort to boost sales and accomplish the delivery of these projects within 2016.

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 in 2016. 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, 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 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, 2015 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 risk management and 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 ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR 2015

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 2015 of the Company will be despatched to the shareholders of the Company by the end of April 2016 and will be available on the above websites.

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

Hong Kong, 30th March, 2016

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.