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, 2016

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, 2016 together with comparative figures for the corresponding year of 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Year ended 31st December** **2016** **HK$'000**	2015 HK$'000
Gross proceeds from operations	4&5	**4,174,196**	2,738,725
Revenue	4	**4,107,056**	2,713,186
Cost of sales		**(2,206,926)**	(1,364,994)
Gross profit		**1,900,130**	1,348,192
Net gain (loss) in investments held for trading		**8,942**	(9,577)
Other income		**78,628**	118,308
Other gains and losses	6	**(4,393)**	539
Selling expenses		**(352,921)**	(335,305)
Administrative expenses		**(198,784)**	(170,699)
Gain on fair value changes of investment properties		**554,534**	392,079
Finance costs	7	**(232,540)**	(149,429)
		1,753,596	1,194,108
Share of results of associates		**(1,202)**	448
Share of results of joint ventures		**7,257**	12,250
Profit before taxation	8	**1,759,651**	1,206,806
Taxation	9	**(751,984)**	(582,044)
Profit for the year		**1,007,667**	624,762
Profit for the year attributable to:			
Owners of the Company		**876,256**	534,074
Non-controlling interests		**131,411**	90,688
		1,007,667	624,762
Earnings per share (HK cents)	11		
- Basic		**52.87**	34.23
- Diluted		**N/A**	34.23

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31st December	
	2016	2015
	HK$'000	HK$'000
Profit for the year	**1,007,667**	624,762
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising from translation of:		
- subsidiaries	**(675,048)**	(485,180)
- joint ventures	**(66,721)**	(48,519)
- associates	**(369)**	(525)
Gain on changes in fair value of available-for-sale investments	**34,517**	5,113
Reclassification adjustments:		
- release from investment reserve upon disposal of available-for-sale investments	**-**	(350)
- release from foreign currencies translation reserves upon disposal of a subsidiary	**-**	(14)
Items that will 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	**(707,621)**	(509,068)
Total comprehensive income for the year	**300,046**	115,694
Total comprehensive income attributable to:		
Owners of the Company	**224,115**	60,623
Non-controlling interests	**75,931**	55,071
	300,046	115,694

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December 2016 HK$'000	2015 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**7,339,691**	7,258,654
- Property, plant and equipment		**203,893**	236,467
Lease premium for land		**33,368**	42,504
Film distribution rights		**4,942**	5,491
Goodwill		**33,288**	33,288
Deferred tax assets		**364,538**	317,600
Interests in associates		**12,723**	14,289
Interests in joint ventures		**175,542**	1,025,781
Other receivables		**-**	60,874
Available-for-sale investments		**184,115**	149,598
Pledged bank deposits		**163,960**	-
		8,516,060	9,144,546
Current Assets			
Lease premium for land		**5,566**	5,955
Properties under development		**3,203,593**	3,136,392
Deposits paid for land use rights		**368,006**	1,690,407
Properties held for sale		**5,471,908**	6,680,195
Trade and other receivables and prepayments	12	**613,081**	484,312
Investments held for trading		**49,638**	83,145
Inventories		**5,135**	5,994
Prepaid tax		**32,937**	-
Restricted bank balance		**654,519**	-
Pledged bank deposits		**111,557**	337,778
Cash and bank balances		**2,881,962**	2,780,454
		13,397,902	15,204,632
Interest in a joint venture held for sale		**777,783**	-
		14,175,685	15,204,632
Current Liabilities			
Trade and other payables and accruals	13	**1,304,631**	1,380,007
Receipts in advance		**1,735,196**	655,148
Taxation		**4,119,944**	4,026,295
Borrowings		**182,274**	3,179,898
Amount due to a joint venture		**55,779**	48,699
		7,397,824	9,290,047
Net Current Assets		**6,777,861**	5,914,585
Total Assets Less Current Liabilities		**15,293,921**	15,059,131

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31st December	
	2016	2015
	HK$'000	HK$'000
Capital and Reserves		
Share capital	**857,530**	794,333
Share premium and reserves	**10,541,522**	10,474,794
Equity attributable to owners of the Company	**11,399,052**	11,269,127
Non-controlling interests	**993,146**	917,215
Total Equity	**12,392,198**	12,186,342
Non-Current Liabilities		
Amount due to a joint venture	**-**	59,680
Borrowings	**1,607,876**	1,366,734
Deferred tax liabilities	**1,293,847**	1,446,375
	2,901,723	2,872,789
	15,293,921	15,059,131

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, 2016.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

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

Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 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 amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classifications and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[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 HKAS 7	Disclosure Initative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]

[1]Effective for annual periods beginning on or after 1st January, 2018
[2]Effective for annual periods beginning on or after 1st January, 2019
[3]Effective for annual periods beginning on or after a date to be determined
[4]Effective for annual periods beginning on or after 1st January, 2017
[5]Effective for annual periods beginning on or after 1st January, 2017 or 1st January, 2018, as appropriate

HKFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

All recognised financial assets that are within the scope of HKFRS 9 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. 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.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. APPLICATION OF NEW AND AMENDMENTS TO 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, including those currently stated at cost less impairment, which will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. 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 to establish 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.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The application of HKFRS 15 is not expected to have a material impact on the timing and amounts of revenue recognised in respect of the Group’s sales of properties based on the assessment on the existing contracts with customers. However, the application of HKFRS 15 in the future may have an impact should the Group’s contracts with customers in respect of sales of properties involve other additional terms and conditions. In addition, the Directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures.

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-to-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

A preliminary assessment indicates that the operating lease arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of HKFRS 16 may result in changes in measurement, presentation and disclosure in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors of the Company complete a detailed review.

The Directors of the Company anticipate that the application of other new and amendments to 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

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE (continued)

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, 2016 consist of the following:

	2016	2015
	HK$'000	HK$'000
Revenue from sale of properties	**3,752,778**	2,344,192
Revenue from sale of goods	**1,154**	2,825
Revenue from rendering of services from golf club operations	**42,585**	51,182
Revenue from property rental and management fee	**300,454**	307,792
Revenue from media and entertainment business	**10,085**	7,195
Revenue	**4,107,056**	2,713,186
Gross proceeds from sale of and dividend income from investments held for trading	**67,140**	25,539
Gross proceeds from operations	**4,174,196**	2,738,725

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.

2016

	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	**300,454**	**3,752,778**	**1,154**	**42,585**	**10,085**	**67,140**	**4,174,196**
RESULTS							
Segment profit (loss)	**762,978**	**1,240,707**	**(2,690)**	**(31,075)**	**(3,193)**	**8,528**	**1,975,255**
Other unallocated income							**75,594**
Unallocated expenses							**(64,713)**
Finance costs							**(232,540)**
							1,753,596
Share of results of associates							**(1,202)**
Share of results of joint ventures							**7,257**
Profit before taxation							**1,759,651**

5. SEGMENT INFORMATION (continued)

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

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$4,107,056,000 (2015: HK$2,713,186,000), 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 for the purposes of resource allocation and performance assessment.

Geographical Information

The Group's operations are located in Hong Kong, Macau and the Mainland of the People's Republic of China ("Mainland China").

The Group's revenue from external customers is based on the location of the operations.

	2016 HK$'000	2015 HK$'000
Hong Kong	**10,085**	7,195
Macau	**704,336**	-
Mainland China	**3,392,635**	2,705,991
	4,107,056	2,713,186

The Group's non-current assets, excluding deferred tax assets, amounts due from associates and a joint venture, other receivables, pledged bank deposits and available-for-sale investments, amounted to HK$7,792,163,000 (2015: HK$8,605,195,000). By geographical location, the assets and operation of the associates and joint ventures are substantially situated in the Mainland China.

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

6. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	HK$'000
(Allowance) recovery for bad and doubtful debts, net	**(1,359)**	2,102
Net (loss) gain on disposal/write off of property, plant and equipment	**(471)**	14,510
Net exchange loss	**(2,563)**	(13,396)
Net gain on disposal of available-for-sale investments	**-**	361
Impairment loss on available-for-sale investments	**-**	(931)
Loss on disposal of a subsidiary	**-**	(2,107)
	(4,393)	539

7. FINANCE COSTS

	2016	2015
	HK$'000	HK$'000
Interest on borrowings	**232,866**	329,214
Less: interest capitalised	**(326)**	(179,785)
	232,540	149,429

Borrowing cost capitalised during current and prior year arose from specific borrowings.

8. PROFIT BEFORE TAXATION

	2016	2015
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**18,579**	19,432
Amortisation of lease premium for land (included in administrative expenses)	**5,599**	6,089
Amortisation of film distribution right (included in cost of sales)	**-**	908
and after crediting:		
Dividends from investments held for trading (included in net gain (loss) in investments held for trading)	**2,892**	940
Other income		
- Interest income	**31,462**	34,373
- Dividends from available-for-sale investments – listed	**5,114**	5,114
- Dividends from available-for-sale investments – unlisted	**25,581**	62,224

9. TAXATION

	2016	2015
	HK$'000	HK$'000
The charge comprises:		
Mainland China Enterprise Income Tax	**246,441**	279,161
Mainland China Land Appreciation Tax	**545,420**	447,653
Macau Complementary Tax	**60,705**	-
Dividend withholding tax	**4,285**	930
Underprovision in prior years		
- Mainland China Enterprise Income Tax	**5,240**	5,193
	862,091	732,937
Deferred tax credit	**(110,107)**	(150,893)
Total tax charges for the year	**751,984**	582,044

The Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%). No provision in Hong Kong Profits Tax has been made since the assessable profit is wholly absorbed by tax losses brought forward (2015: no assessable profit for the year).

The Macau Complementary Tax is levied at 12% on the taxable income for the year.

The income tax rate of the Mainland China subsidiaries for the year ended 31st December, 2016 is 25% (2015: 25%).

10. DIVIDEND

Subsequent to the end of reporting period, the Directors have declared payment of an interim dividend of 43 HK cents per share (2015: 21 HK cents per share) amounting to approximately HK$737,476,000 (2015: HK$333,620,000) for the year ended 31st December, 2016.

Of the dividend paid during 2016, approximately HK$239,430,000 (2015: HK$133,329,000) was settled in fully paid shares under the Company's scrip dividend scheme approved by the Board on 30th March, 2016 in respect of the interim dividend for the year ended 31st December, 2015.

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:

	2016	2015
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**876,256**	534,074
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,657,387,632**	1,560,394,727

11. EARNINGS PER SHARE (continued)

For the year ended 31st December, 2016, no diluted earnings per share is presented as there was no potential ordinary share in issue.

The computation of diluted earnings per share for the year 31st December, 2015 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$5,538,000 (2015: HK$10,064,000) and their aged analysis based on invoice date as at the end of the reporting period is as follows:

	2016	2015
	HK$'000	HK$'000
0 – 3 months	**2,979**	5,249
4 – 6 months	**216**	1,260
7 – 12 months	**2,343**	3,555
	5,538	10,064

13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$572,990,000 (2015: HK$545,584,000) and their aged analysis based on invoice date as at the end of the reporting period is as follows:

	2016	2015
	HK$'000	HK$'000
0 – 3 months	**274,548**	445,449
4 – 6 months	**33,300**	167
7 – 12 months	**86,935**	306
Over 1 year	**178,207**	99,662
	572,990	545,584

INTERIM DIVIDEND FOR THE YEAR ENDED 31ST DECEMBER, 2016

The Board has declared an interim dividend of 43 HK cents per share for the year ended 31st December, 2016 (2015: 21 HK cents per share) to shareholders whose names appear on the register of members of the Company on Tuesday, 9th May, 2017 (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 Friday, 16th June, 2017.

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 2016, the register of members of the Company will be closed from Friday, 5th May, 2017 to Tuesday, 9th May, 2017, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Secretaries Limited, the Company's share registrar in Hong Kong Special Administrative Region 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 Thursday, 4th May, 2017 for registration; and

(b) The Board has resolved to convene the annual general meeting of the Company for Thursday, 1st June, 2017 (the "2017 AGM"). For the purpose of determining the shareholders who are entitled to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Friday, 26th May, 2017 to Thursday, 1st June, 2017, 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 2017 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 Thursday, 25th May, 2017 for registration.

GENERAL OVERVIEW

In respect of the consolidated results of the Group for the year ended 31st December, 2016, the Board is pleased to report a consolidated profit after taxation attributable to shareholders of the Company of HK$876,256,000 (2015: HK$534,074,000). This represents an increase of approximately 64% compared with the year 2015, despite an increase in taxation (mainly land appreciation tax in the Mainland of China). Basic earnings per share amounted to 52.87 HK cents (2015: 34.23 HK cents).

The improvement in the results was mainly related to the performance of property development and investment activities of the Group in China. This was principally attributable to the recognition of sale proceeds of various property projects in Shanghai, Tianjin and Macau Special Administrative Region ("Macau") of China. In addition, there was a greater unrealized gain on fair value changes of investment properties of the Group in Shanghai of HK$554,534,000 (2015: HK$392,079,000) arising from market valuation as at the end of the year under review pursuant to applicable accounting standards. Excluding the unrealized gain on fair value changes of investment properties, the Group reported an operating profit before taxation of HK$1,199,062,000 for the year under review (2015: HK$802,029,000).

Furthermore, a net gain in investments held for trading of HK$8,942,000 was recorded for the year under review (2015: net loss of HK$9,577,000).

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.

For the year ended 31st December, 2016, owing to recognition of sale proceeds of the Group's property projects in Shanghai, Tianjin and Macau, property development and trading segment was the primary profit contributor of the Group and this generated a segment profit of HK$1,240,707,000 (2015: HK$727,905,000).

Property investment segment was the secondary profit maker of the Group by contributing a segment profit of HK$762,978,000 for the year 2016 (2015: HK$606,334,000), which was 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 upon revaluation at the year-end.

Securities trading business in Hong Kong reported a net gain of HK$8,942,000 (2015: net loss of HK$9,577,000) and was the tertiary profit contributor of the Group.

The other business segments of the Group reported losses during the year under review.

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, 2016 by contributing total profit of HK$2,003,685,000 (2015: HK$1,334,239,000). Apart from recognition of sale proceeds of a property development project in Macau upon completion of construction and delivery in 2016, there was an increase in gross proceeds from sale of the Group's properties in the Mainland of China that could be recognized during the year under review. This business segment generated total revenue of HK$4,053,232,000 and this accounted for approximately 97.10% of the gross proceeds from operations of the Group for the year 2016. The project in Tianjin accounted for approximately 48.21% of the gross proceeds from operations of the Group whereas projects in Pudong of Shanghai accounted for approximately 32.02% of the gross proceeds from operations of the Group. The project in Macau is the tertiary source of revenue and accounted for approximately 16.87% 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 HK$554,534,000 was recorded at the year-end date. Tomson Riviera continued to be the prime source of profit of the Group in 2016.

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, and 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, 2016, a total of residential gross floor area of Towers A and C of approximately 14,200 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, approximately 68% were leased.

For the year 2016, total revenue of HK$1,129.79 million was recognized and this accounted for approximately 27.07% 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 this property of HK$516.60 million as at the year-end date. Besides, sale deposits of HK$30.12 million were credited to the Group as at the end of the year under review and such amount is expected to be recognized in 2017.

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 in three phases. Up to 31st December, 2016, all the residential units other than one unit of Phase 3 were sold out. Total recognized revenue for the year 2016, which was derived from sale proceeds, rental income and management fee, amounted to HK$64.64 million and this accounted for approximately 1.55% of the gross proceeds from operations of the Group. Sale proceeds of Phase 3 was the principal source of revenue. Furthermore, sale deposits of residential unit of Phase 3 of HK$12.77 million were credited to the Group as at the end of the year under review and such amount is expected to be recognized in the annual results of the Group for 2017.

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 HK$140.92 million to the Group and this accounted for approximately 3.37% of the gross proceeds from operations of the Group for the year 2016. The Group also recorded an unrealized gain on fair value changes of the aforesaid investment properties of HK$37.93 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 0.03% 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 in phases but delivery of the last phase of the Tomson Portion ("Phase 7") has not taken place before the end of 2016 as agreed.

Initial plans called for the Tomson Portion to be developed into a low-density residential development in phases. The first phase of the project ("Phase 1") 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 will be deferred pending the construction of the club house and ancillary facilities.

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") on a plot of land with a site area of approximately 28,286.2 square meters in Jinqiao-Zhangjiang District of Pudong. 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. Due to slow progress in concluding formalities for acquisition of the Sports Portion, the Group entered into a supplemental agreement on 29th July, 2016 to cancel the inter-conditional requirement in respect of the completion of the transfers of the land use rights of the Sports Portion and the Development Project and written approval was obtained from a closely allied group of shareholders of the Company representing more than 50% of the issued shares of the Company. The acquisition of the Development Project by the Group was completed in 2016 and construction of the Development Project is under way.

On 11th January, 2017, Pudong New Area Planning and Land Authority of Shanghai published on its website a public notice with respect to the proposed adjustment and change to Zhangjiabang Wedge-shaped Green Space Development Plan which covers the portion located at Jinqiao-Zhangjiang District of Pudong north of the stream named Zhangjiabang (the "Northern Portion"), within which the Tomson Portion, the Development Project and the Sports Portion are located ("Proposed Planning Changes"). The consultation period of the Proposed Planning Changes expired in February, 2017. Having conducted a preliminary review and analysis of the Proposed Planning Changes, the Company noted that the Proposed Planning Changes, if effected, might involve the following: (i) the original site over which Phase 7 is located would not be delivered to the Group and instead, another piece of land in the Northern Portion might be allocated to the Group in substitution and as replacement, (ii) while the location of Phase 1 and the Development Project would remain unchanged, there might be an adjustment and relocation of the other plots forming the Tomson Portion (which are originally located along the boundaries and in the centre of the Northern Portion) such that the aforesaid plots will be consolidated with Phase 1 and the Development Project to become three combined plots within the Northern Portion to be allocated to the Group for residential development ("Revised Tomson Residential Development"), (iii) as a result of the aforesaid relocation, the Revised Tomson Residential Development would be relocated farther away from the high voltage pylons running along the northern side of the original Tomson Portion, (iv) there might be a slight decrease of 592.2 square meters regarding the aggregate site area of the Revised Tomson Residential Development, and (v) the original Sports Portion might not be available for delivery to the Group because all the remaining areas surrounding the Revised Tomson Residential Development within the Northern Portion will be re-categorized as "public greenery and sports lands". The contracting parties will collaborate closely to deal with the possible effects under the Proposed Planning Changes with a view to procuring the best possible solutions for 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"). There are 3 high-rise buildings in phase two of Jinwan Plaza.

Jinwan Real Estate has completed the development of 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 residential portion of these two buildings, named "Tomson Riviera Tianjin", is earmarked for sale and provides 749 units with total saleable gross floor area of approximately 155,500 square meters. As at 31st December, 2016, approximately 65% of the total saleable gross floor area of the residential portion were contracted for sale. Revenue of HK$2,012.39 million was recognized for the year under review and this accounted for approximately 48.21% of the gross proceeds from operations of the Group. In addition, sale deposits of the residential units and car parking spaces totaling HK$282.36 million were credited to the Group and such amount is expected to be recognized in 2017. Concurrently, Jinwan Real Estate has been reevaluating its strategy for operations of the commercial portion of these two buildings, named "One Mall".

Jinwan Property is engaged in development of a high-rise building of 70 stories with total gross floor area of approximately 209,500 square meters for commercial-cum-office uses. To realize the investment potential of the underlying assets of Jinwan Property, the Group entered into an agreement on 24th October, 2016 to dispose of the 51% equity interest in Jinwan Property to an unrelated third party at a cash consideration of RMB1,173.00 million and written approval of the disposal has been obtained from a closely allied group of shareholders of the Company representing more than 50% of the voting rights at general meetings of the Company. The transaction was completed in January 2017 and full consideration, which was received in 2016, was released to the Group.

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 63 residential units in four apartment blocks with a club house, swimming pool, roof terrace and car parking spaces with total gross floor area of approximately 22,800 square meters.

The occupation permit of the project was issued in mid-January 2016 and sale proceeds could be recognized in the annual results for 2016 upon delivery of the units sold. This project, which was one of the major sources of profit of the Group for the year under review, generated revenue of HK$704.34 million and this accounted for approximately 16.87% of the gross proceeds from operations of the Group. As at 31st December, 2016, approximately 39% of the residential gross floor area were contracted for sale and sale deposits of HK$94.53 million were credited to the Group and will be recognized upon delivery of the properties.

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 held by the Group amounted to HK$67,140,000 and this accounted for approximately 1.61% 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 under applicable accounting standards, the Group recorded a net gain in securities investments held for trading of HK$8,942,000 (2015: net loss of HK$9,577,000).

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 and no revenue was generated during the year under review. Owing to a delay in tax clearance by the local authorities, completion of the liquidation was deferred to the first quarter of 2017 and the Group anticipates a final distribution upon dissolution in the first half of 2017.

To capitalize on the Group's established brand in the industry in China, the Group set up a wholly-owned subsidiary in Shanghai in mid-2013 to engage in export trade of PVC fittings and pipes. The trading operation generated insignificant revenue totaling HK$1,154,000 to the Group and this accounted for approximately 0.03% of the gross proceeds from operations of the Group for the year under review. Taking account of the provision for bad and doubtful debts for the trading operation in accordance with internal guidelines, the PVC operations recorded a segment loss of HK$2,690,000 for the year 2016 (2015: profit of HK$497,000).

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 also participated in the production of live entertainment shows. For the year ended 31st December, 2016, gross revenue received and receivable amounted to HK$10,085,000 and this accounted for approximately 0.24% of the Group's gross proceeds from operations, resulting in a segment loss of HK$3,193,000 (2015: HK$8,810,000).

The revenue for the year under review was mainly generated from investments in the production of live entertainment shows, principally local pop concerts. The Group intends to continue in participating in investments in various live performances in 2017.

Revenue recognized under the film distribution business was generated from receipt of licence fee, and exploitation of theatrical rights and video rights. Two films, "Knight of Cups" and "Serena", were theatrically released in Hong Kong in 2016.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club, Shanghai

Tomson Shanghai Pudong Golf Club, situated in Pudong of Shanghai, generated revenue of HK$42,585,000, being approximately 1.02% of the gross proceeds from operations of the Group, for the year 2016. Both operating revenue and sale proceeds of membership debentures declined during the year under review. The drop in the sale of membership debentures was possibly attributable to recent social and political developments in China and to the remaining tenure of the debentures being less than ten years. As a result, the Club reported a segment loss of HK$31,075,000 for the year 2016 (2015: HK$38,040,000).

InterContinental Shanghai Pudong, Shanghai

InterContinental Shanghai Pudong hotel, situated in Lujiazui of Pudong, Shanghai, reported an average occupancy rate of approximately 74% in 2016 despite intense competition in the market. The Group, which holds a 50% interest in the hotel, shared a net profit of HK$13.34 million from this investment for the year 2016 (2015: HK$15.16 million). The revenue and profit of the hotel operation were below expectations mainly due to a drop in the occupancy rate and the adverse impact on the food and beverage department. To maintain the profitability of the hotel, the hotel management has focused on controlling operating costs, increasing marketing efforts on the food and beverage operations and on expanding source of clientele to raise the occupancy rate. The hotel is undergoing renovation of part of its guest rooms and it is expected that the operating results may be somewhat affected in 2017.

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 HK$5,114,000 from RHL during the year under review and an unrealized gain on change in fair value of the investment of HK$34,517,000 was credited to the investment reserve of the Group as at 31st December, 2016 pursuant to applicable accounting standards.

The Group also holds a 13.5% interest in the registered capital of an unlisted associated company of RHL established in Shanghai as a long-term investment. Such company is principally engaged in property development and investment in Shanghai. Dividends of HK$25,581,000 were received during the year under review.

FINANCIAL REVIEW

Liquidity and Financing Position

As at 31 December, 2016, the total assets of the Group decreased by approximately 6.81% to HK$22,691,745,000 and the equity attributable to owners of the Company was HK$11,399,052,000 in total, an increase of approximately 1.15%, and approximately HK$6.65 per share. This represents a decrease of approximately 6.21% from 2015 mainly owing to the issue of new shares under the scrip dividend scheme for the interim dividend for 2015 and depreciation in value of Renminbi during the year under review.

The Group's operations and investments for the year ended 31st December, 2016 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 HK$2,881,962,000, an increase of approximately 3.65%. During the year under review, the Group achieved a net cash inflow of HK$2,248,302,000 and HK$902,881,000 from its operating and investing activities respectively. After taking into account the net cash outflow of HK$2,872,548,000 from its financing activities, the Group recorded a net increase in cash and cash equivalents of HK$278,635,000 for the year under review (2015: HK$1,295,194,000). 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 deposits received from disposal of interest in a joint venture but this was partly offset by repayment of borrowings during the year under review.

As at 31st December, 2016, excluding receipts in advance, of the liabilities of the Group of HK$8,564,351,000 (2015: HK$11,507,688,000), about 48.11% were taxation under current liabilities, about 20.90% were borrowings, about 15.23% were trade and other payables and accruals, about 15.11% were deferred tax liabilities while the balance was an amount due to a joint venture.

The Group's borrowings as at 31st December, 2016 amounted to HK$1,790,150,000 (2015: HK$4,546,632,000), equivalent to 15.70% (2015: 40.35%) 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 subject to floating interest rates. Of those borrowings, approximately 10.18% were due for repayment on demand or within one year from the end of the reporting period, approximately 26.02% were repayable more than one year but not exceeding two years from the end of the reporting period, approximately 13.95% were due for repayment more than two years but not more than five years from the end of the reporting period, while the remaining 49.85% were 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 HK$491,941,000 (2015: HK$596,940,000) 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, 2016, the Group recorded a current ratio of 1.92 times (2015: 1.64 times) and a gearing ratio (total liabilities to equity attributable to the owners of the Company) of 90.35% (2015: 107.93%). The rise in current ratio and drop in gearing ratio mainly resulted from repayment of borrowings.

Charge on Assets

As at 31st December, 2016, assets of the Group with an aggregate carrying value of HK$6,826,877,000 (2015: HK$12,809,168,000) were pledged to borrowers to secure borrowings of the Group. As there was a decrease in the Group's borrowings, the value of the assets under pledge had significantly decreased.

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. 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

The Group has no material contingent liabilities as at 31st December, 2016.

As at 31st December, 2015, the Group provided a financial guarantee of HK$472,667,000 to a bank to secure banking facilities for a property development project of a joint venture. Such banking facilities were also secured by a floating charge over the property under development of the joint venture. Following repayment of the loan by the joint venture during the year under review, the financial guarantee was released.

PROSPECTS

Faced with potentially tightening regulations and measures on the real estate market imposed by both the local and central governments of the Mainland of China, the downturn in gaming revenue in Macau and recent uncertainties in the global developed economies, the Group envisages that challenges affecting the pace and volume of its property sale will continue in 2017 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.

Disposal of the commercial-cum-office building in Tianjin is expected to contribute notable profit in 2017, while Tomson Riviera and One Penha Hill will be the Group's principal source of profit. The Group will increase its efforts to boost sales and expedite the delivery of the units sold.

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 forecast economic growth in the Mainland of China, there is potential for increase 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 2017 due to recent developments in the political and financial environment. 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, 2016, 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, 2016 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 pursuant 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 2016

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 2016 of the Company will be despatched to the shareholders of the Company by the end of April 2017 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, 29th March, 2017

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.