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, 2017

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, 2017 together with comparative figures for the corresponding year of 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**Year ended 31st December** **2017** **HK$'000**	2016 HK$'000
Gross proceeds from operations	4&5	**2,167,464**	4,174,196
Revenue	4	**2,107,365**	4,107,056
Cost of sales		**(736,301)**	(2,206,926)
Gross profit		**1,371,064**	1,900,130
Net gain in investments held for trading		**10,461**	8,942
Other income		**162,461**	78,628
Other gains and losses	6	**30,483**	(4,393)
Selling expenses		**(185,248)**	(352,921)
Administrative expenses		**(144,022)**	(198,784)
Gain on fair value changes of investment properties		**154,862**	554,534
Gain on disposal of a joint venture	7	**523,713**	-
Gain on disposal of subsidiaries	8	**551,435**	-
Finance costs	9	**(86,180)**	(232,540)
		2,389,029	1,753,596
Share of results of associates		**(888)**	(1,202)
Share of results of joint ventures		**12,364**	7,257
Profit before taxation	10	**2,400,505**	1,759,651
Taxation	11	**(1,055,840)**	(751,984)
Profit for the year		**1,344,665**	1,007,667
Profit for the year attributable to:			
Owners of the Company		**1,255,486**	876,256
Non-controlling interests		**89,179**	131,411
		1,344,665	1,007,667
Earnings per share (HK cents)	13		
- Basic		**69.44**	52.87

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31st December	
	2017	2016
	HK$'000	HK$'000
Profit for the year	**1,344,665**	1,007,667
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss:		
Exchange difference arising from translation of:		
- subsidiaries	**803,150**	(675,048)
- joint ventures	**13,600**	(66,721)
- associates	**766**	(369)
Gain on fair value changes of available-for-sale investments	**5,113**	34,517
Reclassification adjustments from foreign currencies translation reserves:		
- release upon disposal of a joint venture	**33,528**	-
- release upon liquidation of a subsidiary	**(8,618)**	-
- release upon disposal of subsidiaries	**(46,489)**	-
Other comprehensive income (expense) for the year	**801,050**	(707,621)
Total comprehensive income for the year	**2,145,715**	300,046
Total comprehensive income attributable to:		
Owners of the Company	**2,025,314**	224,115
Non-controlling interests	**120,401**	75,931
	2,145,715	300,046

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December **2017** **HK$'000**	2016 HK$'000
Non-Current Assets			
Fixed assets			
- Investment properties		**8,061,471**	7,339,691
- Property, plant and equipment		**226,184**	203,893
Lease premium for land		**30,410**	33,368
Film distribution rights		**4,942**	4,942
Goodwill		**33,288**	33,288
Deferred tax assets		**281,729**	364,538
Interests in associates		**12,608**	12,723
Interest in a joint venture		**188,973**	175,542
Available-for-sale investments		**189,228**	184,115
Pledged bank deposits		**941,848**	163,960
		9,970,681	8,516,060
Current Assets			
Lease premium for land		**6,134**	5,566
Properties under development		**3,554,039**	3,203,593
Deposits paid for land use rights		**396,063**	368,006
Properties held for sale		**2,278,099**	5,471,908
Trade and other receivables and prepayments	14	**1,841,016**	613,081
Investments held for trading		**-**	49,638
Inventories		**5,047**	5,135
Prepaid tax		**-**	32,937
Restricted bank balance		**-**	654,519
Pledged bank deposits		**41,450**	111,557
Cash and bank balances		**3,692,955**	2,881,962
		11,814,803	13,397,902
Interest in a joint venture held for sale		**-**	777,783
		11,814,803	14,175,685
Current Liabilities			
Trade and other payables and accruals	15	**817,220**	1,304,631
Receipts in advance		**220,946**	1,735,196
Taxation		**4,851,723**	4,119,944
Borrowings		**451,435**	182,274
Amount due to a joint venture		**-**	55,779
		6,341,324	7,397,824
Net Current Assets		**5,473,479**	6,777,861
Total Assets Less Current Liabilities		**15,444,160**	15,293,921

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31st December	
	2017	2016
	HK$'000	HK$'000
Capital and Reserves		
Share capital	**942,792**	857,530
Share premium and reserves	**12,281,336**	10,541,522
Equity attributable to owners of the Company	**13,224,128**	11,399,052
Non-controlling interests	**296,461**	993,146
Total Equity	**13,520,589**	12,392,198
Non-Current Liabilities		
Borrowings	**345,780**	1,607,876
Deferred tax liabilities	**1,577,791**	1,293,847
	1,923,571	2,901,723
	15,444,160	15,293,921

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, 2017.

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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Except described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. Apart from the additional disclosure, the application of these amendments has had no material impact on the Group's consolidated financial statements.

The Group has applied the amendments to HKFRS 12 included in the Annual Improvements to HKFRSs 2014-2016 Cycle for the first time in the current year. The amendments to HKAS 28 "Investment in Associates and Joint Venture" included in the annual improvements are not yet mandatorily effective and they have not been early adopted by the Group.

HKFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that a classified) as held for sale. The amendments clarify that except for summarised financial information, all other disclosure requirements under HKFRS 12 are applicable. The application of these amendments has had no material impact on the Group's consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty Over Income Tax Treatments[2]
Amendments to HKFRS 2	Classifications and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instrument" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
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 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle [1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle [2]

[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, 2021.

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

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

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 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.

Based on the Group's financial instruments and risk management policies as at 31st December, 2017, the Directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

Listed equity securities classified as available-for-sale investments carried at fair value and these securities qualified for designation as measured at fair value through other comprehensive income ("FVTOCI") under HKFRS 9, however, the fair value gains or losses accumulated in the investment reserve as at 1st January, 2018 will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's consolidated statement of profit or loss but will not affect total comprehensive income.

Equity securities classified as available-for-sale investments carried at cost less impairment and these securities qualified for designation as measured at FVTOCI under HKFRS 9. The Group will measure these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment reserve. The Directors of the Company have assessed the impact on application of relevant HKFRS 9 standards and anticipated that the application may have impact on the results and the financial position of the Group.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment:

In general, the Directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Such further impairment recognised under expected credit loss model would reduce the opening retained earnings at 1st January, 2018 upon the application of HKFRS 9 in 2018. The Directors of the Company have assessed the impact on application of HKFRS 9 and it will have no material impact on the consolidated financial statements.

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

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 consideration, as well as licensing application guidance.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

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.

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.

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

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 revised HKFRSs and interpretations 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 the production of live entertainment shows, 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.

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE (continued)

Revenue and gross proceeds from each type of business for the year ended 31st December, 2017 consist of the following:

	2017	2016
	HK$'000	HK$'000
Revenue from sale of properties	**1,803,193**	3,752,778
Revenue from sale of goods	**1,114**	1,154
Revenue from rendering of services from golf club operations	**42,674**	42,585
Revenue from property rental and management fee	**255,689**	300,454
Revenue from media and entertainment business	**4,695**	10,085
Revenue	**2,107,365**	4,107,056
Gross proceeds from sale of and dividend income from investments held for trading	**60,099**	67,140
Gross proceeds from operations	**2,167,464**	4,174,196

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.

2017

	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	**255,689**	**1,803,193**	**1,114**	**42,674**	**4,695**	**60,099**	**2,167,464**
RESULTS							
Segment profit (loss)	**328,102**	**965,497**	**(587)**	**(33,734)**	**(1,724)**	**10,061**	**1,267,615**
Other unallocated income							**1,266,113**
Unallocated expenses							**(58,519)**
Finance costs							**(86,180)**
							2,389,029
Share of results of associates							**(888)**
Share of results of a joint venture							**12,364**
Profit before taxation							**2,400,505**

5. SEGMENT INFORMATION (continued)

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

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$2,107,365,000 (2016: HK$4,107,056,000), 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.

	2017 HK$'000	2016 HK$'000
Hong Kong	**4,695**	10,085
Macau	**338,657**	704,336
Mainland China	**1,764,013**	3,392,635
	2,107,365	4,107,056

The Group's non-current assets, excluding deferred tax assets, amounts due from associates and a joint venture, pledged bank deposits and available-for-sale investments, amounted to HK$8,546,585,000 (2016: HK$7,792,163,000). 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

	2017	2016
	HK$'000	HK$'000
Recovery (allowance) for bad and doubtful debts, net	**1,979**	(1,359)
Net gain (loss) on disposal/write off of property, plant and equipment	**9**	(471)
Net exchange gain (loss)	**19,712**	(2,563)
Gain on liquidation of a subsidiary	**8,783**	-
	30,483	(4,393)

7. GAIN ON DISPOSAL OF A JOINT VENTURE

In October 2016, the Group entered into an equity transfer agreement to dispose of its whole investment in a joint venture at a consideration of RMB1,173 million. The transaction was completed in January 2017. A gain of HK$523,713,000 from the disposal was recognised in the consolidated statement of profit or loss for the year ended 31st December, 2017.

8. GAIN ON DISPOSAL OF SUBSIDIARIES

In August 2017, the Group completed the disposal of its wholly-owned subsidiary, Tianjin Tomson Development Co., Ltd. and its subsidiary at a consideration of RMB2,015.62 million. A gain of HK$551,435,000 from the disposal was recognised in the consolidated statement of profit or loss for the year ended 31st December, 2017.

9. FINANCE COSTS

	2017	2016
	HK$'000	HK$'000
Interest on borrowings	**86,180**	232,866
Less: interest capitalised	**-**	(326)
	86,180	232,540

Borrowing cost capitalised during prior year arose from specific borrowings.

10. PROFIT BEFORE TAXATION

	2017 HK$'000	2016 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**19,769**	18,579
Amortisation of lease premium for land (included in administrative expenses)	**6,134**	5,599
and after crediting:		
Dividends from investments held for trading (included in net gain in investments held for trading)	**-**	2,892
Other income		
- Interest income	**53,183**	31,462
- Dividends from available-for-sale investments – listed	**12,784**	5,114
- Dividends from available-for-sale investments – unlisted	**73,714**	25,581

11. TAXATION

	2017 HK$'000	2016 HK$'000
The charge comprises:		
Mainland China Enterprise Income Tax	**316,060**	246,441
Mainland China Land Appreciation Tax	**391,454**	545,420
Macau Complementary Tax	**29,196**	60,705
Dividend withholding tax	**627**	4,285
Underprovision (overprovision) in prior years		
- Mainland China Enterprise Income Tax	**35,121**	5,240
- Dividend withholding Tax	**(376)**	-
	772,082	862,091
Deferred tax charge (credit)	**283,758**	(110,107)
Total tax charges for the year	**1,055,840**	751,984

The Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%). No provision in Hong Kong Profits Tax has been made since the assessable profit was wholly absorbed by tax losses brought forward for both years.

The Macau Complementary Tax is levied at 12% (2016: 12%) on the taxable income for the year.

The income tax rate of the Mainland China subsidiaries for the year ended 31st December, 2017 is 25% (2016: 25%).

12. DIVIDEND

Subsequent to the end of reporting period, the Directors have declared payment of an interim dividend of 43 HK cents per share (2016: 43 HK cents per share) amounting to approximately HK$810,801,000 (2016: HK$737,476,000) for the year ended 31st December, 2017.

Of the dividend paid during 2017, approximately HK$553,064,000 (2016: HK$239,430,000) were settled in fully paid shares under the Company's scrip dividend scheme approved by the Board on 29th March, 2017 in respect of the interim dividend for the year ended 31st December, 2016.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	**1,255,486**	876,256
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,808,030,689**	1,657,387,632

No diluted earnings per share is presented as there was no potential ordinary share in issue during both years.

14. 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$2,355,000 (2016: HK$5,538,000) and their aged analysis based on invoice date as at the end of the reporting period is as follows:

	2017	2016
	HK$'000	HK$'000
0 – 3 months	**1,689**	2,979
4 – 6 months	**147**	216
7 – 12 months	**519**	2,343
	2,355	5,538

15. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK$140,123,000 (2016: HK$572,990,000) and their aged analysis based on invoice date as at the end of the reporting period is as follows:

	2017	2016
	HK$'000	HK$'000
0 – 3 months	**4,131**	274,548
4 – 6 months	**58**	33,300
7 – 12 months	**126**	86,935
Over 1 year	**135,808**	178,207
	140,123	572,990

INTERIM DIVIDEND FOR THE YEAR ENDED 31ST DECEMBER, 2017

The Board has declared an interim dividend of 43 HK cents per share for the year ended 31st December, 2017 (2016: 43 HK cents per share) to shareholders whose names appear on the register of members of the Company on Tuesday, 8th May, 2018 (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, 14th June, 2018.

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 2017, the register of members of the Company will be closed from Friday, 4th May, 2018 to Tuesday, 8th May, 2018, 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, 3rd May, 2018 for registration; and

(b) The Board has resolved to convene the annual general meeting of the Company for Thursday, 31st May, 2018 (the "2018 AGM"). For the purpose of determining the shareholders who are entitled to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 28th May, 2018 to Thursday, 31st May, 2018, 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 2018 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 Friday, 25th May, 2018 for registration.

GENERAL OVERVIEW

In respect of the consolidated results of the Group for the year ended 31st December, 2017, the Board is pleased to report a consolidated profit after taxation attributable to shareholders of the Company of HK$1,255,486,000 (2016: HK$876,256,000). This represents an increase of approximately 43.28% compared with the year 2016. Basic earnings per share amounted to 69.44 HK cents (2016: 52.87 HK cents).

This improvement in the results of the Group was principally attributable to the recognition of a one-off gain in the total amount of HK$1,075,148,000 on disposal of a joint venture and subsidiaries of the Group which were engaged in property development in Tianjin of China.

However, subsequent to the completion of the disposal of subsidiaries in Tianjin in the second half of 2017 and unlike the year 2016 when sale proceeds from the property projects in Tianjin and the Macau Special Administrative Region ("Macau") of China were recognized after completion of construction and upon delivery of units sold to the buyers, gross proceeds from operations of the Group dropped during the year under review and the Group recorded a gross profit of HK$1,371,064,000 (2016: HK$1,900,130,000).

On the other hand, there was an increase in return on securities investment for the year 2017 due to receipt of dividends of HK$86,498,000 (2016: HK$30,695,000) from both listed and unlisted long-term investments and by recording a net gain in investments held for trading of HK$10,461,000 (2016: HK$8,942,000).

In addition, there was an unrealized gain on fair value changes of investment properties of the Group in Shanghai of HK$154,862,000 (2016: HK$554,534,000) arising from market valuation as at the end of the year under review pursuant to applicable accounting standards. Excluding the said unrealized gain, the Group reported an operating profit before taxation of HK$2,234,167,000 for the year under review (2016: HK$1,199,062,000).

OPERATIONS REVIEW

The Mainland of China is the base of the Group's major operations. Other than the gain on disposal of the joint venture and subsidiaries, property development and investment business was the principal source of the Group's operating profit for the year ended 31st December, 2017.

As a result of recognition of sale proceeds of the Group's property projects in Shanghai, Tianjin and Macau, the property development and trading segment was the primary profit contributor of the Group and this generated a segment profit of HK$965,497,000 (2016: HK$1,240,707,000).

Property investment segment in Shanghai was the secondary profit maker of the Group by contributing a segment profit of HK$328,102,000 (2016: HK$762,978,000), 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$10,461,000 (2016: HK$8,942,000) and was the tertiary profit contributor of the Group.

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

Property Development and Investment

Property development and investment remained the core business of the Group for the year ended 31st December, 2017 and contributed a total profit of HK$1,293,599,000 (2016: HK$2,003,685,000). There was a decrease in sale proceeds that could be recognized during the year under review and this business segment generated total revenue of HK$2,058,882,000 which accounted for approximately 94.99% of the gross proceeds from operations of the Group for the year 2017. Projects in Pudong of Shanghai accounted for approximately 45.92% of the gross proceeds from operations of the Group and became the primary source of revenue whereas the project in Tianjin was the secondary source of revenue and accounted for approximately 33.45%. The project in Macau is the tertiary source of revenue and accounted for approximately 15.62% 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$154,862,000 was recorded at the year-end date. Tomson Riviera was the prime source of profit of the Group in 2017.

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, 2017, the total residential gross floor area available for sale of Towers A and C amounted to approximately 10,200 square meters while of the total residential gross floor area of Towers B and D of approximately 58,400 square meters, about 67% were leased.

For the year 2017, total revenue of HK$785.49 million was recognized and this accounted for approximately 36.24% 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$112.72 million as at the year-end date. Sale deposits of HK$207.88 million were credited to the Group as at the end of the year under review and such amount is expected to be recognized in 2018.

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 and all the residential units were sold out. Total recognized revenue for the year 2017, comprising sale proceeds, rental income and management fee, amounted to HK$85.13 million and this accounted for approximately 3.93% of the gross proceeds from operations of the Group. Sale proceeds of Phase 3 were the principal source of revenue.

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$122.19 million to the Group and this accounted for approximately 5.64% of the gross proceeds from operations of the Group for the year 2017. The Group also recorded an unrealized gain on fair value changes of the aforesaid investment properties of HK$42.14 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, the proceeds generated were insignificant and were from sale of car parking spaces and leasing of residential units, which accounted for approximately 0.11% 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") did not take 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. The Group entered into a supplemental agreement in 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 to facilitate the acquisition of the Development Project by the Group which was subsequently completed in 2016. Construction works on the Development Project have been put on hold pending clearance of related planning matters.

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 in Jinqiao-Zhangjiang District of Pudong and north of a stream named Zhangjiabang (the "Northern Portion"), within which the Tomson Portion, the Development Project and the Sports Portion are located ("Proposed Planning Changes"). 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) if the aforesaid relocation were to materialize, 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". In August 2017, the municipal government of Shanghai issued its consent in principle to the Proposed Planning Changes. The Group and the contracting party have been collaborating closely with the aim of putting into effect the changes under the Proposed Planning Changes in the best interests of all parties concerned.

Phase 2 of Jinwan Plaza, Tianjin

In 2010, the Group participated in the development of phase two of Jinwan Plaza 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 for residential, commercial and office purposes in phase two of Jinwan Plaza.

To realize the investment potential of these projects, the Group respectively 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 an agreement on 30th June, 2017 to dispose of the 100% equity interest in Tianjin Tomson Development Co, Limited ("Tianjin Tomson"), which in turn held the 75% equity interest in Jinwan Real Estate, to an unrelated third party at a cash consideration of RMB2,015.62 million. The purchaser of Tianjin Tomson also provided funds in the amount of RMB344.38 million to Tianjin Tomson for its repayment of the loan owed to the Group.

The disposal of the interest in Jinwan Property was completed in January 2017 and a gain of HK$523,713,000 was recognized whilst the disposal of the interest in Tianjin Tomson was completed in August 2017 and a gain of HK$551,435,000 was recognized. The Group no longer has any investment in Tianjin.

Before the disposal of the interest in Tianjin Tomson, revenue in the total amount of HK$724.98 million was recognized in the consolidated results of the Group for the year under review from the sale proceeds and rental income of Tomson Riviera Tianjin, a residential development of Jinwan Real Estate, and this accounted for approximately 33.45% of the gross proceeds from operations of 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.

This project, which was one of the major sources of operating profit of the Group for the year under review, generated revenue of HK$338.66 million and this accounted for approximately 15.62% of the gross proceeds from operations of the Group. Sale deposits of HK$5.69 million were credited to the Group as at the end of the year under review and are expected to be recognized in the annual results of the Group for 2018. As at 31st December, 2017, residential gross floor area of approximately 10,800 square meters were available for sale.

Securities Trading

For the year under review, the Group's securities trading business in Hong Kong reported revenue of HK$60,099,000 and this accounted for approximately 2.77% of the gross proceeds from operations of the Group. The revenue was derived from sale proceeds of the trading securities held by the Group and a net gain in securities investments held for trading of HK$10,461,000 was recorded (2016: HK$8,942,000).

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club, Shanghai

Tomson Shanghai Pudong Golf Club, situated in Pudong of Shanghai, generated revenue of HK$42,674,000, being approximately 1.97% of the gross proceeds from operations of the Group, for the year 2017. The revenue was mainly attributable to golfing activities. Other than annual weekday membership fee income, there was no sale of membership debentures in 2017 possibly due to recent social and political developments and the remaining tenor of the debentures being less than ten years. As a result, the Club reported a segment loss of HK$33,734,000 for the year 2017 (2016: HK$31,075,000).

InterContinental Shanghai Pudong, Shanghai

InterContinental Shanghai Pudong hotel, situated in Lujiazui of Pudong, Shanghai, reported an average occupancy rate of approximately 78.73% in 2017. For the year under review, owing to renovation works in guest rooms on five floors for around seven months, the revenue had been affected but the profit was better than expectation. The Group, which holds a 50% interest in the hotel, shared a net profit of HK$12.36 million from this investment for the year 2017 (2016: HK$13.34 million). To maintain the profitability of the hotel, the hotel management will continue to focus on controlling operating costs, increasing marketing efforts on the food and beverage operations and expanding source of clientele to further raise the occupancy rate.

Media and Entertainment Business

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, 2017, gross revenue received and receivable from this segment amounted to HK$4,695,000 and this accounted for approximately 0.22% of the Group's gross proceeds from operations. The revenue for the year under review was solely generated from investments in the production of live entertainment shows, principally local pop concerts and a segment loss of HK$1,724,000 (2016: HK$3,193,000) was recorded. The Group intends to continue in participating in investments in various live performances in 2018.

PVC Operations

The manufacturing operation of PVC pipes and fittings in Shanghai, in which the Group held a 58% interest, commenced liquidation in the first quarter of 2013 after the expiry of the land use rights of the factory lot and the liquidation was completed in 2017. No revenue was generated from such operation during the year under review other than a receipt of the final distribution from this subsidiary in July 2017.

To capitalize on the Group's established brand and goodwill in the industry, the Group set up a wholly-owned subsidiary in Shanghai in mid-2013 to engage in export trade of PVC fittings and pipes. Market conditions for this business continued to be challenging and the trading operation reported insignificant revenue which accounted for approximately 0.05% of the gross proceeds from operations of the Group for the year under review.

As a whole, the PVC operations recorded a segment loss of HK$587,000 for the year 2017 (2016: HK$2,690,000).

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$12,784,000 from RHL during the year under review and an unrealized gain on change in fair value of the investment of HK$5,113,000 was credited to the investment reserve of the Group as at 31st December, 2017 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, and that company is principally engaged in property development and investment in Shanghai. Dividends of HK$73,714,000 were received during the year under review.

FINANCIAL REVIEW

Liquidity and Financing Position

As at 31st December, 2017, total assets of the Group decreased by approximately 3.99% to HK$21,785,484,000 mainly owing to the completion of the disposal of subsidiaries during the year. The equity attributable to owners of the Company was HK$13,224,128,000 in total, an increase of approximately 16.01% while there was HK$7.01 per share, representing an increase of approximately 5.41% from 2016 which was mainly attributable to appreciation in value of Renminbi but was partly offset by the issue of new shares under the Company's scrip dividend scheme for the interim dividend for 2016 during the year under review.

The Group's operations and investments for the year ended 31st December, 2017 were funded by cash on hand, and revenue from operating activities and investing activities.

At the end of the reporting period, the cash and cash equivalents of the Group amounted to HK$3,692,955,000, an increase of approximately 28.14%. During the year under review, the Group achieved net cash inflows of HK$1,675,506,000 and HK$477,585,000 from its operating and investing activities respectively. After taking into account the net cash outflow of HK$1,536,483,000 from its financing activities, the Group recorded a net increase in cash and cash equivalents of HK$616,608,000 for the year under review (2016: HK$278,635,000). The net cash inflow was mainly attributable to the sale proceeds of properties held for sale and net cash received from disposal of subsidiaries but this was partly offset by repayment of borrowings during the year under review.

As at 31st December, 2017, excluding receipts in advance, of the liabilities of the Group of HK$8,043,949,000 (2016: HK$8,564,351,000), about 60.32% were taxation under current liabilities, about 19.61% were deferred tax liabilities, about 10.16% were trade and other payables and accruals while about 9.91% were borrowings.

The Group's borrowings as at 31st December, 2017 amounted to HK$797,215,000 (2016: HK$1,790,150,000), equivalent to 6.03% (2016: 15.70%) 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 these borrowings, approximately 56.63% were due for repayment on demand or within one year from the end of the reporting period, approximately 1.81% were repayable more than one year but not exceeding two years from the end of the reporting period, approximately 9.03% were due for repayment more than two years but not more than five years from the end of the reporting period, while the remaining 32.53% 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$153,182,000 (2016: HK$491,941,000) 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, 2017, the Group recorded a current ratio of 1.86 times (2016: 1.92 times) and a gearing ratio (total liabilities to equity attributable to the owners of the Company) of 62.50% (2016: 90.35%). There was no significant change in the current ratio while the improvement in the gearing ratio mainly resulted from repayment of borrowings.

Charge on Assets

As at 31st December, 2017, assets of the Group with an aggregate carrying value of HK$7,306,461,000 (2016: HK$6,826,877,000) were pledged for securing banking facilities 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. Recent changes in value of Renminbi may not have any material adverse impact on the Group's results and net asset value. In addition, 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 had no material contingent liabilities as at 31st December, 2017 (2016: Nil).

PROSPECTS

Faced with tightening regulations and directives on the real estate market imposed by both the local and central governments of the Mainland and Macau of China, and recent uncertainties in the global developed economies, market conditions in the property sector would be rendered even more challenging both in terms of price and transaction volume. The Group will endeavour to maintain the momentum in its sale and leasing of its property portfolio in Shanghai and Macau. It is anticipated that Tomson Riviera and One Penha Hill will be the Group's principal source of profit in the year 2018.

The Group has built up its reputation as a developer of high-end residential properties on the Mainland of China. The central government on the Mainland recently promulgated certain policy directives on rental property, but the Group remains optimistic that, in tandem with the forecast economic growth in the Mainland, there will continue to be an underlying demand for properties catering to a high-income middle class and high net-worth individuals. Investment in Jinqiao-Zhangjiang project in Pudong, Shanghai represents an important component of the Group's strategy.

It is expected that the global and Hong Kong financial markets will become relatively uncertain in 2018 with the ending of quantitative easing, possible rise in interest rates and recent developments in the political and economic 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, 2017, 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 "CG 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, 2017 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 CG 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/her appointment as stipulated in the CG 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 CG 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 2017

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 2017 of the Company will be despatched to the shareholders of the Company by the end of April 2018 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, 27th March, 2018

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.