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Tomson Group

TOMSON GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 258)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

The Board of Directors (the “Board”) of Tomson Group Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2023 together with comparative figures for the corresponding period of 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Unaudited)

	<i>Notes</i>	Six months ended 30th June	
		2023	2022
		HK\$'000	HK\$'000
Gross proceeds from operations	4 & 5	341,648	362,136
Revenue	4	304,291	301,780
Cost of sales		(124,383)	(120,579)
Gross profit		179,908	181,201
Net gain on financial assets at fair value through profit or loss		828	8,940
Other income		65,273	44,918
Other gains and losses	6	(9,789)	(13,141)
Selling expenses		(52,070)	(42,899)
Administrative expenses		(74,437)	(51,144)
Loss on fair value changes of investment properties		(17,042)	–
Finance costs	7	(7,124)	(8,013)
		85,547	119,862
Share of results of associates		(397)	(143)
Share of result of a joint venture		8,314	(12,009)
Profit before taxation	8	93,464	107,710
Taxation	9	(73,001)	(76,306)
Profit for the period		20,463	31,404
Profit for the period attributable to:			
Owners of the Company		19,387	31,346
Non-controlling interests		1,076	58
		20,463	31,404
Earnings per share (HK cents)	11		
– Basic		0.98	1.59

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

	Six months ended 30th June	
	2023	2022
	HK\$'000	HK\$'000
Profit for the period	20,463	31,404
	<hr/>	<hr/>
Other comprehensive (expense) income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation of:		
– subsidiaries	(447,018)	(549,688)
– a joint venture	(6,097)	(7,941)
– associates	(231)	(171)
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain on equity instrument at fair value through other comprehensive income (net of deferred tax)	1,226	5,198
	<hr/>	<hr/>
Other comprehensive expense for the period	(452,120)	(552,602)
Total comprehensive expense for the period	(431,657)	(521,198)
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive expense attributable to:		
Owners of the Company	(425,673)	(512,703)
Non-controlling interests	(5,984)	(8,495)
	<hr/>	<hr/>
	(431,657)	(521,198)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	(Unaudited) 30th June 2023 HK\$'000	(Audited) 31st December 2022 HK\$'000
Non-Current Assets			
Fixed assets			
– Investment properties		7,473,519	7,794,927
– Property, plant and equipment		374,968	378,119
Goodwill		33,288	33,288
Interests in associates		8,594	9,222
Interest in a joint venture		155,253	153,036
Club debentures		515	515
Equity instrument at fair value through other comprehensive income		302,244	312,824
Pledged bank deposit		40,021	55,143
		8,388,402	8,737,074
Current Assets			
Properties under development		4,556,442	4,420,814
Properties held for sale		1,279,802	1,410,039
Trade and other receivables and prepayments	12	143,828	208,876
Financial assets at fair value through profit or loss		2,173	36,724
Inventories		3,514	3,369
Bank deposit		11,864	12,347
Cash and bank balances		3,771,927	3,966,071
		9,769,550	10,058,240
Current Liabilities			
Trade and other payables and accruals	13	762,188	796,136
Lease liability		6,995	4,209
Contract liabilities		–	121,653
Tax liabilities		3,702,651	3,796,411
Borrowings		193,387	26,939
		4,665,221	4,745,348
Net Current Assets		5,104,329	5,312,892
Total Assets Less Current Liabilities		13,492,731	14,049,966

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	(Unaudited) 30th June 2023 HK\$'000	(Audited) 31st December 2022 HK\$'000
Capital and Reserves		
Share capital	1,026,073	985,512
Share premium and reserves	10,898,843	11,402,835
Equity attributable to owners of the Company	<u>11,924,916</u>	<u>12,388,347</u>
Non-controlling interests	309,251	318,235
Total Equity	<u>12,234,167</u>	<u>12,706,582</u>
Non-Current Liabilities		
Other payables	14,431	15,544
Lease liability	14,066	–
Borrowing	206,774	215,512
Deferred tax liabilities	1,023,293	1,112,328
	<u>1,258,564</u>	<u>1,343,384</u>
	<u>13,492,731</u>	<u>14,049,966</u>

Notes:

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31st December, 2022.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

In the current interim period, the Group has applied the new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1st January, 2023 for the preparation of the Group’s condensed consolidated financial statements.

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or disclosures set out in these condensed consolidated financial statements.

4. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

Revenue represents the aggregate of revenue under the following headings:

- (i) Property investment
– represents revenue from property management and rental income
- (ii) Property development and trading
– represents gross revenue received and receivable from sale of properties
- (iii) Leisure
– represents the income from golf club operations and its related services
- (iv) 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 from sale of and dividend income received and receivable from financial assets at fair value through profit or loss (“FVTPL”) under the business of securities trading, in addition to the above aggregated revenue.

Revenue and gross proceeds from each type of business consist of the following:

	Six months ended 30th June	
	2023	2022
	HK\$’000	HK\$’000
Revenue from sale of properties	148,822	164,374
Revenue from rendering of services from golf club operations	24,275	14,082
Revenue from property management fee	15,296	13,439
Revenue from media and entertainment business	1,596	367
Revenue from contracts with customers	189,989	192,262
Revenue from lease payments that are fixed	114,302	109,518
Total revenue	304,291	301,780
Gross proceeds from sale of and dividend income from financial assets at FVTPL	37,357	60,356
Gross proceeds from operations	341,648	362,136

5. SEGMENT INFORMATION

The Group's operating and reportable segments are based on information reported to the chief operating decision makers, the executive Directors of the Company, for the purposes of resources allocation and performance assessment. In addition to those set out in Notes 4(i) to (iv), the Group's operating segments under HKFRS 8 "Operating Segments" include securities trading segment which is dealing in financial assets at FVTPL.

	Property Investment HK\$'000	Property Development and Trading HK\$'000	Leisure HK\$'000	Media and Entertainment HK\$'000	Securities Trading HK\$'000	Total HK\$'000
<u>For the six months ended</u>						
<u>30th June, 2023</u>						
GROSS PROCEEDS FROM OPERATIONS						
Segment revenue	<u>129,598</u>	<u>148,822</u>	<u>24,275</u>	<u>1,596</u>	<u>37,357</u>	<u>341,648</u>
RESULTS						
Segment profit (loss)	<u>73,413</u>	<u>11,713</u>	<u>(622)</u>	<u>(213)</u>	<u>825</u>	<u>85,116</u>
Other unallocated income						65,273
Unallocated expenses						(57,718)
Finance costs						(7,124)
						<u>85,547</u>
Share of results of associates						(397)
Share of result of a joint venture						8,314
						<u>93,464</u>
<u>For the six months ended</u>						
<u>30th June, 2022</u>						
GROSS PROCEEDS FROM OPERATIONS						
Segment revenue	<u>122,957</u>	<u>164,374</u>	<u>14,082</u>	<u>367</u>	<u>60,356</u>	<u>362,136</u>
RESULTS						
Segment profit (loss)	<u>80,732</u>	<u>37,995</u>	<u>(8,572)</u>	<u>(430)</u>	<u>8,937</u>	<u>118,662</u>
Other unallocated income						44,918
Unallocated expenses						(35,705)
Finance costs						(8,013)
						<u>119,862</u>
Share of results of associates						(143)
Share of result of a joint venture						(12,009)
						<u>107,710</u>

Except for the presentation of segment revenue which is different from the reported revenue in the condensed consolidated statement of profit or loss, the accounting policies of the operating segments are the same as the Group's accounting policies. The details of revenue from each type of business and reconciliation of segment revenue to the Group's revenue of HK\$304,291,000 (2022: HK\$301,780,000) are set out in 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 a joint venture, other income, other gains and losses and finance costs. This is the measure reported to the executive Directors of the Company for the purposes of resources allocation and performance assessment.

6. OTHER GAINS AND LOSSES

	Six months ended 30th June	
	2023	2022
	HK\$'000	HK\$'000
Net impairment losses reversed on trade and other receivables	188	389
Net exchange loss	(9,977)	(13,530)
	<u>(9,789)</u>	<u>(13,141)</u>

7. FINANCE COSTS

	Six months ended 30th June	
	2023	2022
	HK\$'000	HK\$'000
Interests on borrowings	7,087	7,862
Interests on lease liability	37	151
	<u>7,124</u>	<u>8,013</u>

8. PROFIT BEFORE TAXATION

	Six months ended 30th June	
	2023	2022
	HK\$'000	HK\$'000
Profit before taxation has been arrived at		
after charging:		
Depreciation of property, plant and equipment	12,186	12,905
Depreciation of right-of-use assets	5,132	6,709
and after crediting:		
Other income		
– Interest income	33,212	35,725
– Dividend from unlisted equity instrument at fair value through other comprehensive income	18,470	–
	<u>18,470</u>	<u>–</u>

9. TAXATION

	Six months ended 30th June	
	2023	2022
	HK\$'000	HK\$'000
The charge (credit) comprises:		
The Mainland of the People's Republic of China (the "Mainland China") Enterprise Income Tax	41,328	42,906
Mainland China Land Appreciation Tax	74,467	64,295
Underprovision in prior period – Mainland China Enterprise Income Tax	5,584	5,771
	<u>121,379</u>	<u>112,972</u>
Deferred tax credit	(48,378)	(36,666)
Total tax charges for the period	<u>73,001</u>	<u>76,306</u>

No provision for Hong Kong Profits Tax has been made since the assessable profit is wholly absorbed by tax losses brought forward for both periods.

The Mainland China Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land use rights and all property development expenditures.

The Mainland China Enterprise Income Tax has been provided at 25% on the estimated assessable profit of the subsidiaries in the Mainland China for both periods.

10. DIVIDEND

The Directors of the Company do not recommend payment of an interim dividend for the period under review (for the six months ended 30th June, 2022: Nil).

In June 2023, an interim dividend of 8.50 HK cents per share for the year ended 31st December, 2022 (2022: interim dividend of 5.50 HK cents per share for 2021) amounting to approximately HK\$167,537,000 (2022: HK\$108,406,000) in aggregate was paid to shareholders. Of the dividend paid during 2023, approximately HK\$129,779,000 were settled in fully paid shares under the Company's scrip dividend scheme approved by the Board on 30th March, 2023.

11. EARNINGS PER SHARE

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

	Six months ended 30th June	
	2023	2022
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	19,387	31,346
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,977,747,948	1,971,025,125

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

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The general credit term of the Group given to trade customers is 60 days. A longer credit period may be granted to customers with long business relationship. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risks.

The following is an aged analysis of trade receivables, net of impairment losses, based on invoice date which approximated the revenue recognition date:

	30th June	31st December
	2023	2022
	HK\$'000	HK\$'000
0 – 3 months	623	339

13. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of trade payables based on invoice date:

	30th June	31st December
	2023	2022
	HK\$'000	HK\$'000
0 – 3 months	15,867	24,125
4 – 6 months	9	22
7 – 12 months	1,212	49
Over 1 year	69,717	79,121
	86,805	103,317

GENERAL OVERVIEW

The Group reported a fall in consolidated profit after taxation for the first half of 2023. It was mainly attributable to the property development and investment business. The revenue of the property development and trading segment decreased to HK\$148,822,000 for the six months ended 30th June, 2023 (2022: HK\$164,374,000) and there was a drop in gross profit margin. In addition, the Group recorded an unrealized loss on fair value changes of its investment properties of HK\$17,042,000 (2022: Nil) upon market valuation as at the period end pursuant to applicable accounting standards. Hence, the aggregate segment profit of the Group's property development and investment business reduced to HK\$85,126,000 for the period under review (2022: HK\$118,727,000).

During the period under review, the net gain on trading securities investment of the Group decreased to HK\$828,000 (2022: HK\$8,940,000) while a dividend income of HK\$18,470,000 from a long-term equity investment of the Group was recognized (2022: Nil). Excluding the loss on fair value changes of the investment properties, the operating profit before taxation of the Group amounted to HK\$102,589,000 for the period under review (2022: HK\$119,862,000).

On the other hand, there was an improvement in share of results of a joint venture and the Group recorded a net profit of HK\$8,314,000 for the period under review (2022: loss of HK\$12,009,000).

As a result, the Group reported a consolidated profit after taxation attributable to shareholders of the Company of HK\$19,387,000 for the first half of 2023, a decrease of approximately 38.15% as compared with that of HK\$31,346,000 for the corresponding period in 2022. Basic earnings per share was 0.98 HK cent (2022: 1.59 HK cents).

The Board of the Company does not recommend payment of an interim dividend for the six months ended 30th June, 2023 (interim dividend for the six months ended 30th June, 2022: Nil).

OPERATIONS REVIEW

The Group continued to maintain its principal base of operations in the Mainland of the People's Republic of China ("China"), particularly Shanghai, for the period under review.

For the first six months of 2023, the property investment segment was the primary profit maker of the Group and this contributed a segment profit of HK\$73,413,000 (2022: HK\$80,732,000), which was attributable to the rental and property management fee from the investment properties of the Group in Shanghai but this was partly offset by the unrealized loss on fair value changes of these investment properties upon revaluation at the period end.

The property development and trading segment reported a segment profit of HK\$11,713,000 (2022: HK\$37,995,000) which was attributable to the sale of properties in Shanghai. This segment was the secondary profit contributor of the Group.

Securities trading business ranked third in terms of profit contribution amongst the operating segments of the Group and generated a segment profit of HK\$825,000 (2022: HK\$8,937,000) which was attributable to sale proceeds from and gain on fair value changes of the trading securities held by the Group in the Hong Kong Special Administrative Region ("Hong Kong") of China.

The other business segments of the Group reported loss during the period 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 period under review by contributing a total segment profit of HK\$85,126,000 (2022: HK\$118,727,000). Tomson Riviera was the prime source of operating profit of the Group.

This business segment generated total revenue of HK\$278,420,000 which accounted for approximately 81.49% of the gross proceeds from operations of the Group for the six months ended 30th June, 2023. All the revenue was contributed by the projects in Pudong of Shanghai, China. However, an unrealized loss on fair value changes of the investment properties in Shanghai of HK\$17,042,000 was recorded at the period end. The project in the Macao Special Administrative Region (“Macau”) of China did not record any revenue.

Tomson Riviera, Shanghai

Tomson Riviera comprises four residential towers erected along the riverfront of Lujiazui of Pudong and overlooking the Bund. In order to maximize the return on investment, two residential towers are earmarked for sale while the other two towers are for leasing.

As at 30th June, 2023, the total residential gross floor area available for sale of Towers A and C was approximately 3,200 square meters while of the total residential gross floor area of Towers B and D of approximately 58,400 square meters, around 65% was leased.

For the first six months of 2023, the project recognized total revenue of HK\$226.23 million which represented approximately 66.22% of the gross proceeds from operations of the Group. The revenue was principally attributable to sale proceeds with the rest derived from rental and property management fee.

Commercial and Industrial Buildings, Shanghai

Rental income and property 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 Center, provided a steady recurrent revenue of HK\$47.63 million to the Group and this accounted for approximately 13.94% of the gross proceeds from operations of the Group for the period under review. However, the Group recorded an unrealized net loss on fair value changes of the aforesaid investment properties of HK\$17.04 million in the interim results of the Group for the first half of 2023.

Miscellaneous Residential Developments 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 ten residential units and around one hundred car parking spaces available for sale. During the period under review, the project recognized revenue of HK\$4.56 million from sale of car parking spaces and leasing of the residential units and this represented approximately 1.33% of the gross proceeds from operations of the Group.

In Puxi, the Group holds less than ten car parking spaces at Xingguo Garden, a residential development, for sale.

Jinqiao Town Project, Shanghai

The Group holds three land lots with aggregate site area of approximately 328,687.5 square meters located in Jinqiao Town of Pudong and to the north of a stream named Zhangjiabang for residential

purpose. Real estate ownership certificates of the said land lots were obtained in June 2020. It is scheduled to complete the project development in six phases over the coming four years.

The first phase of the project is a low-density residential development with total gross floor area of approximately 25,900 square meters. Construction works are under way and it is scheduled to deliver the properties to the buyers in the first half of 2024. Subject to the policies of and approval from the local government, it is expected to launch this phase for sale in the first half of 2024.

Construction of the second and the third phases of the residential development of the project started in November 2022 and April 2023 respectively. There will be low-rise apartment buildings with total residential gross floor area of approximately 61,300 square meters and townhouses with total residential gross floor area of approximately 38,700 square meters. It is expected to complete the development of these two phases in 2026.

It is now targeted to carry out the construction of low-rise apartment buildings with total residential gross floor area of approximately 106,300 square meters in 2024 and resume in the same year the construction of a low-density residential development with total gross floor area of approximately 29,400 square meters, where the superstructure has been topped out.

The construction works of the last phase of the project are expected to commence in 2025 and will comprise townhouses with total residential gross floor area of approximately 55,800 square meters.

One Penha Hill, Macau

The Group holds a 70% interest in a residential condominium development, namely One Penha Hill, at Penha Hill within a designated World Heritage Zone of Macau. The project is earmarked for sale and did not record any sale proceeds for the first half of 2023 under the impact of poor market sentiment. As at 30th June, 2023, residential units with saleable area of approximately 6,700 square meters were available for sale.

Office premises in Tower II, Admiralty Centre, Hong Kong

As disclosed in the Annual Report for 2022 of the Company, the Group's tender for an office premises situated at the whole 13th Floor of Tower II, Admiralty Centre, Hong Kong (the "Property") at the purchase price of HK\$193 million has been accepted by the vendor (acting through the receivers) and the receivers and the legal title of the Property has been obtained. The Group recovered the possession of the Property through legal procedures in the first half of 2023.

The Property is situated in a Grade A commercial-cum-office building and is in a strategic location in the key financial and commercial district on the Hong Kong Island. The acquisition is a strategic long-term investment for the Group and enhances the property investment portfolio of the Group. It is expected that the Property will generate stable recurring rental income and it may be used as the Company's headquarter in Hong Kong at opportune time.

Hospitality and Leisure Industry

Tomson Shanghai Pudong Golf Club, Shanghai

Tomson Shanghai Pudong Golf Club in Pudong generated revenue of HK\$24,275,000, being approximately 7.11% of the gross proceeds from operations of the Group, and reported gross profit of HK\$12.01 million for the six months ended 30th June, 2023. The revenue was mainly derived from golfing activities of the Club and the annual membership fee was the secondary source of income. The operation reported a segment loss of HK\$622,000 for the period under review (2022: HK\$8,572,000) after making provision for depreciation of fixed assets.

InterContinental Shanghai Pudong, Shanghai

The Group holds a 50% interest in InterContinental Shanghai Pudong hotel in Lujiazui of Pudong. The hotel reported an average occupancy rate of approximately 70% during the first half of 2023. The operation reported profit for the period under review and the Group shared a net profit of HK\$8,314,000 from this investment (2022: net loss of HK\$12,009,000). It is expected that improvement in the results of the hotel operations will keep on amid the recovery of economic activities in the post pandemic era. The hotel management will continue to focus on controlling operating costs, increasing marketing efforts on guest rooms operations and food and beverage operations to maintain the profitability of the hotel.

Securities Trading

For the first six months of 2023, the Group's securities trading business in Hong Kong generated revenue of HK\$37,357,000 and this accounted for approximately 10.93% of the gross proceeds from operations of the Group. The revenue was solely derived from disposal of trading securities. After taking into account an unrealized gain on changes in fair value, a net gain on the trading securities investments of HK\$828,000 was recorded (2022: HK\$8,940,000).

As at 30th June, 2023, the Group held listed trading securities investments of an aggregate fair value of HK\$2,173,000, representing approximately 0.01% of the Group's total assets. Those were securities in the financial industry.

Media and Entertainment Business

The Group has participated in the production of live entertainment shows for years and has also set up its film distribution business. Trivial revenue was derived from investments in the production of live entertainment shows in Hong Kong and this accounted for approximately 0.47% of the Group's gross proceeds from operations. A segment loss of HK\$213,000 (2022: HK\$430,000) was recorded during the period under review.

Investment Holding

In addition to its own property development projects, the Group holds a 13.483% interest in the registered capital of Shanghai Zhangjiang Micro-electronics Port Co. Ltd. ("SZMP") as a long-term equity investment and the fair value of this investment amounted to HK\$302,244,000, representing approximately 1.66% of the Group's total assets as at 30th June, 2023. SZMP is an unlisted company established in Shanghai and is principally engaged in property development and investment therein. During the period under review, dividend income of HK\$18,470,000 (2022: Nil) from SZMP was recognized and an unrealized gain on change in fair value of such investment of HK\$1.63 million was credited to the investment reserve of the Group (2022: HK\$6.93 million) pursuant to applicable accounting standards.

FINANCIAL REVIEW

Share Capital

The Company issued 81,122,062 new shares of HK\$0.50 each on 15th June, 2023 at a price of HK\$1.5998 per share to the shareholders of the Company who have elected to receive shares of the Company, credited as fully paid, in lieu of cash under scrip dividend scheme in respect of the interim

dividend for the year ended 31st December, 2022. There were 2,052,147,187 issued shares in the capital of the Company as at 30th June, 2023.

Liquidity and Financing

The Group's operations and investments for the six months ended 30th June, 2023 were funded by cash on hand, revenue from operating and investing activities, and bank borrowings.

At the end of the reporting period, the cash and cash equivalents of the Group amounted to HK\$3,771,927,000 (2022: HK\$3,883,335,000), a decrease of approximately 2.87%. During the period under review, the Group achieved net cash inflows of HK\$44,989,000 and HK\$115,772,000 from its investing and financing activities respectively. Taking into account the net cash outflow of HK\$207,788,000 from its operating activities, the Group recorded a net decrease in cash and cash equivalents of HK\$47,027,000 during the period under review (2022: HK\$382,477,000). The net cash outflow was mainly attributable to the Company's dividend payment but this was partly offset by the new bank borrowing raised.

Cash and cash equivalents of the Group are mainly denominated in the local currencies of the jurisdictions in which it operates. Hence, of the Group's cash and cash equivalents of HK\$3,771,927,000 as at 30th June, 2023, around 89.45% and 9.14% were denominated in Renminbi and Hong Kong Dollar respectively.

As at 30th June, 2023, of the liabilities of the Group of HK\$5,923,785,000 (31st December, 2022: HK\$5,967,079,000 excluding contract liabilities which represented the deposits received from sale of properties), about 62.50% were tax payables under current liabilities, about 17.27% were deferred tax liabilities, about 13.11% were trade and other payables and accruals and about 6.76% were borrowings. The remainder was lease liability.

The Group's borrowings as at 30th June, 2023 amounted to HK\$400,161,000 (31st December, 2022: HK\$242,451,000), equivalent to approximately 3.36% (31st December, 2022: 1.96%) of the equity attributable to owners of the Company at the same date. All of the borrowings were under security and subject to floating interest rates. Approximately 58.14% of the borrowings were denominated in Renminbi while the rest was denominated in Hong Kong Dollar. Of these borrowings, approximately 48.33% were due for repayment within one year from the end of the reporting period, approximately 6.47% were repayable more than one year but not exceeding two years from the end of the reporting period, approximately 19.41% were due for repayment more than two years but not exceeding five years from the end of the reporting period while the remaining 25.79% were repayable more than five years from the end of the reporting period. The Group did not employ any other financial instruments for financing and treasury management.

At the end of the reporting period, the Group had commitments in relation to expenditure on properties under development of HK\$2,199,169,000 (31st December, 2022: HK\$384,951,000), which were contracted but not provided for. The increase in commitments was mainly attributable to the development of Jinqiao Town project in Shanghai. The Group anticipates that these commitments will be funded from its future operating revenue, bank borrowings and other sources of finance where appropriate.

As at 30th June, 2023, the Group recorded a current ratio of 2.09 times (31st December, 2022: 2.12 times) and a gearing ratio (total liabilities to equity attributable to owners of the Company) of 49.68% (31st December, 2022: 49.15%). There was no significant change in the current ratio while the rise in the gearing ratio was mainly attributable to raising of new borrowing.

Charge on Assets

As at 30th June, 2023, assets of the Group with an aggregate carrying value of HK\$647.50 million (31st December, 2022: HK\$476.32 million) were pledged for securing bank 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. Should there be a depreciation in value of Renminbi, there may be an adverse impact on the results and net asset value of the Group. 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

At the end of the reporting period, the Group had no material contingent liabilities (31st December, 2022: Nil).

PROSPECTS

Worldwide economy is recovering in the post pandemic era. However, the geo-political factors will continue to weigh on market sentiment. Global economic development is vulnerable to uncertainties in the financial and political situation. The Group would keep monitoring the international situation closely and any financial impact on the operations of the Group, should this happen, would be reflected in the financial statements of the Group for the year 2023. Whilst property development and investment will remain the focus of the Group's business and investment strategies, the Board of the Company would regularly review the business portfolio of the Group and prudently explore and evaluate other potential investment opportunities. 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.

The property market will likely be volatile in the short term under the weight of high interest rates and subdued sentiment. The Board of the Company is cautiously optimistic about the economic development of the Mainland of China in the long run. The Group has built up its reputation as a developer of high-end residential properties in the Mainland and will endeavour to maintain the momentum in its sale and leasing plans for the property portfolio in Shanghai and Macau. It is anticipated that Tomson Riviera and One Penha Hill will be the Group's principal sources of profit in the year 2023. At the same time, the Group is actively carrying out the construction works and preparing for the sales plan of Jinqiao Town project in Pudong, Shanghai and this project will form an important component of the Group's property development and investment segment and will be the major profit contributor in next few years.

In light of volatility in the Hong Kong and global financial markets and economic conditions, the management will continue to adopt a conservative approach in managing the securities trading portfolio of the Group, with an emphasis on securities with steady recurrent yield.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June, 2023, there was no purchase, sale or redemption made by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company considers that the Company has complied with all the applicable code provisions set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Corporate Governance Code (the “CG Code”), throughout the period of six months ended 30th June, 2023, 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 Group.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

This interim results announcement is published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited and on the Company’s website. The Interim Report 2023 of the Company will be despatched to the shareholders of the Company by the end of September 2023 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, 25th August, 2023

As at the date of this announcement, the Board of the Company comprises three executive Directors, Madam Hsu Feng (Chairman and Managing Director), Mr Albert Tong (Vice-Chairman) and Mr Tong Chi Kar Charles (Vice-Chairman), and three independent non-executive Directors, Mr Cheung Siu Ping, Oscar, Mr Lee Chan Fai and Mr Ng Chi Him.