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Tomson Group

TOMSON GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 258)

DISCLOSEABLE TRANSACTION

ACQUISITION OF AN OFFICE UNIT IN SHANGHAI, THE PRC

The Board is pleased to announce that on 28 January 2011, Tomson Real Estate, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, Tomson Real Estate conditionally agreed to purchase the Office Unit at a cash consideration of RMB267,415,210 (equivalent to approximately HK\$316 million).

Completion of the Acquisition is subject to the fulfilment of the Conditions as set out in the paragraph headed “Conditions” below.

As one of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 January 2011, Tomson Real Estate, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Sale and Purchase Agreement, pursuant to which, Tomson Real Estate conditionally agreed to purchase the Office Unit at a total consideration of RMB267,415,210 (equivalent to approximately HK\$316 million).

THE ACQUISITION

Principal terms of the Sale and Purchase Agreement are as follows:

(1) Date

28 January 2011

(2) Parties

- (i) Tomson Real Estate as purchaser and
- (ii) the Seller as vendor.

Tomson Real Estate is an indirect wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

(3) Subject Matter

Pursuant to the Sale and Purchase Agreement, Tomson Real Estate agreed to purchase the Office Unit free from the Existing Encumbrances.

(4) Consideration and Payment

The consideration for the Acquisition is RMB267,415,210 (equivalent to approximately HK\$316 million), which was arrived at after arm's length negotiations between the Parties during a tender process, and will be payable by the following instalments:

- (i) an amount equivalent to five per cent (5%) of the Consideration (i.e. RMB13,370,760.50) ("**First Instalment**") shall be paid to the Seller within three (3) Business Days from the date of the Sale and Purchase Agreement;
- (ii) an amount equivalent to seventy-five per cent (75%) of the Consideration (i.e. RMB200,561,407.50) ("**Second Instalment**") shall be deposited into the Escrow Account within five (5) Business Days from the date of issuance of the Payment Notice (as defined below) by the Seller;
- (iii) an amount equivalent to fifteen per cent (15%) of the Consideration (i.e. RMB40,112,281.50) ("**Third Instalment**") shall be deposited into the Escrow Account within five (5) Business Days from the written request issued by the Seller and prior to the date of title transfer application; and
- (iv) the remaining balance equivalent to five per cent (5%) of the Consideration (i.e. RMB13,370,760.50) ("**Balance Amount**") shall be deposited into the Escrow Account within five (5) Business Days from the date of issuance of the Small Title Certificate.

The Consideration is exclusive of all transaction taxes and fees.

The Consideration will be satisfied in cash by the internal resources of the Group.

(5) Conditions

Completion of the Sale and Purchase Agreement is subject to the Seller obtaining certain conditional approvals for the sale of the Office Unit under the terms of its financing documents and the de-registration of the Existing Encumbrances over the Office Unit. The Seller will issue a payment notice to Tomson Real Estate for the Second Instalment if such conditional approvals are obtained ("**Payment Notice**").

The Parties will proceed with title transfer application with the Real Estate Authority upon the following conditions being satisfied (“**Title Transfer Application Conditions**”):

- (i) the First Instalment, the Second Instalment and the Third Instalment have been duly paid by Tomson Real Estate;
- (ii) all the transaction taxes and fees have been paid by the Parties in accordance with the terms of the Sale and Purchase Agreement; and
- (iii) the Standard SPA has been signed by the Parties.

(6) Completion

Within five (5) Business Days (or such other time period as may be agreed between the Parties) from the date on which the last of the Title Transfer Application Conditions is satisfied, the Parties shall jointly apply to the Real Estate Authority for:

- (i) de-registration of the Existing Encumbrances over the Office Unit; and
- (ii) registration of the transfer of the ownership of the Office Unit from the Seller to Tomson Real Estate.

The Parties shall use their best endeavours to obtain the Small Title Certificate within thirty (30) Business Days from the date of the title transfer application.

Vacant possession of the Office Unit (on an as-is basis) will be delivered to Tomson Real Estate within five (5) Business Days (or such other time period as may be agreed between the Parties) from the date of payment of the Balance Amount.

(7) Termination

- (i) The Seller shall be entitled to terminate the Sale and Purchase Agreement with immediate effect (without any liability to Tomson Real Estate) by way of a written notice to Tomson Real Estate in the event of any of the following circumstances occurring or having occurred:
 - (a) the Real Estate Authority failing to (i) accept the title transfer application or (ii) issue the Small Title Certificate notwithstanding its acceptance of the title transfer application within thirty (30) Business Days from the date of application;
 - (b) the Seller not having received the conditional approvals referred to in the paragraph headed “Conditions” above and thereby being unable to issue the Payment Notice to Tomson Real Estate for the payment of the Second Instalment; or
 - (c) the Seller (notwithstanding its having received the conditional approvals referred to above) failing to obtain the cooperation of the parties to the financing documents relating to the Existing Encumbrances in respect of the preparation, completion, execution or submission of the application documents to facilitate the title transfer.

If the Sale and Purchase Agreement is terminated by reasons stated above, the Parties shall jointly apply to the Real Estate Authority for the withdrawal of all the application documents for title transfer and de-register the on-line registration of the Standard SPA and the Sale and Purchase Agreement (if registered); and all instalments of the Consideration paid (including all interest accrued thereon, if any) shall be returned to Tomson Real Estate.

- (ii) Upon the occurrence of a breach by Tomson Real Estate of any of its obligations under the Sale and Purchase Agreement, the Seller shall have the right to terminate the Sale and Purchase Agreement by written notice to Tomson Real Estate and the Seller shall be entitled to forfeit the entire amount of the First Instalment; and Tomson Real Estate shall, on demand from the Seller, indemnify, and keep indemnified, the Seller for all direct or indirect losses, liabilities and costs suffered or incurred by the Seller as a result of the termination of the Sale and Purchase Agreement pursuant to Tomson Real Estate's default.
- (iii) In the event that Tomson Real Estate terminates the Sale and Purchase Agreement due to the Seller's default (i.e. not due to a termination by the Seller pursuant to reasons stated in paragraph (i) above, Tomson Real Estate's default or a force majeure event), all instalments of the Consideration paid (including all interest accrued thereon, if any) shall be returned to Tomson Real Estate; and the Seller shall pay to Tomson Real Estate (as compensation) an amount equivalent to the First Instalment (being 5% of the Consideration) and, on demand from Tomson Real Estate, indemnify, and keep indemnified, Tomson Real Estate for all direct or indirect losses, liabilities and costs suffered or incurred by Tomson Real Estate as a result of the termination of the Sale and Purchase Agreement pursuant to the Seller's default.

Following completion of the aforesaid actions in the relevant case, the Sale and Purchase Agreement shall be automatically terminated and neither party shall have any further responsibility or liability to the other party in respect of their obligations under the Sale and Purchase Agreement.

(8) Other major terms

It is a term of the Acquisition that any leasing of the Office Unit is subject to the consent of the Seller and the Office Unit cannot be sold nor transferred within seven (7) years from the date of the Small Title Certificate and any subsequent sale is subject to the consent of the Seller (such consent not to be unreasonably withheld).

INFORMATION OF THE PARTIES AND THE OFFICE UNIT

The Group is principally engaged in property development and investment, hospitality and leisure activities, manufacturing of PVC pipes, securities trading and investment holding.

Tomson Real Estate, an indirect wholly-owned subsidiary of the Company, was incorporated under the laws of the PRC with limited liability and is principally engaged in property development and investment.

The Seller is the developer of the Building. It is a wholly foreign owned enterprise incorporated under the laws of the PRC with limited liability and engaged in property development and investment, property management and provision of the relevant ancillary services and facilities.

The Building is a mixed-use ultra-highrise tower which consists of offices, hotels, conference facilities, observation decks, and shopping malls on the lower levels and is currently the tallest building in the PRC. The Office Unit is located at the 72nd floor of the Building with a gross floor area of approximately 3,221.87 square meters (including the portion of the common area and common facilities of the Building allocated to the Office Unit) and is currently vacant.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors are optimistic about the economic outlook of the PRC, especially major cities like Shanghai, and the consequential potential demand for high-end office space. It is currently intended that the Office Unit will be retained for use as offices of the Group in Shanghai. The Directors consider that the Acquisition is an attractive opportunity for the Group to secure long-term office space in a prestigious property situated in a prime location in the financial district of Pudong, Shanghai and which should offer good potential in enhancing shareholders' value.

The Directors (including the independent non-executive Directors) consider that the Acquisition and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations between the Parties, and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Office Unit under the terms and conditions of the Sale and Purchase Agreement;
“Board”	the board of directors of the Company;
“Building”	the building named “Shanghai World Financial Center” and located at No. 100, Century Avenue, Pudong, Shanghai, the PRC;
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday) in the PRC or Japan;

“Company”	Tomson Group Limited;
“Condition(s)”	the condition(s) under the paragraph headed “Conditions” in this announcement;
“Consideration”	the consideration payable by Tomson Real Estate for the Acquisition, being RMB267,415,210;
“Director(s)”	the director(s) of the Company;
“Escrow Account”	a separately designated PRC on-shore interest-bearing account in the name of the Seller;
“Existing Encumbrances”	the existing mortgage encumbered over the entire Building as at the date of the Sale and Purchase Agreement pursuant to a real property mortgage entered into between the Seller and Industrial and Commercial Bank of China Limited, Shanghai Branch (as amended, supplemented and modified from time to time);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Office Unit”	the premises located at the 72nd floor of the Building;
“Parties”	the Seller and Tomson Real Estate, being the parties to the Sale and Purchase Agreement;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Real Estate Authority”	collectively, the Shanghai Pudong New Area Construction and Transportation Commission and the Pudong Real Estate Trading Center;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the conditional Agreement for Sale and Purchase of Property dated 28 January 2011 and other ancillary agreements entered into among Tomson Real Estate and the Seller in relation to the proposed sale and purchase of the Office Unit;

“Seller”	Shanghai World Financial Center Co., Ltd. (上海環球金融中心有限公司), a wholly foreign owned enterprise incorporated under the laws of the PRC with limited liability;
“Small Title Certificate”	a new real estate ownership certificate issued by the Real Estate Authority in respect of the Office Unit in the name of Tomson Real Estate free from the Existing Encumbrances;
“Standard SPA”	a standard form of property sale and purchase agreement as recommended by the Shanghai municipal government;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tomson Real Estate”	Shanghai Tomson Real Estate Investment & Development Co., Ltd (上海湯臣房地產開發有限公司), a limited liability company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1 to HK\$1.1814. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate(s).

By Order of the Board of
TOMSON GROUP LIMITED
Hsu Feng
Chairman and Managing Director

Hong Kong, 28 January 2011

As at the date of this announcement, the Board comprises five executive Directors, Madam Hsu Feng (Chairman and Managing Director), Mr. Tong Albert (Vice-Chairman), Mr. Tong Chi Kar Charles (Vice-Chairman), Mr. Yeung Kam Hoi and Mr. Chuang Hsiao-Chen, and three independent non-executive Directors, Madam Tung Wai Yee, Mr. Cheung Siu Ping, Oscar and Mr. Lee Chan Fai.