

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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, 2016**

The Board of Directors (the “Board”) of Tomson Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2016 together with comparative figures for the corresponding period of 2015 as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Unaudited)**

	<i>Notes</i>	<b>Six months ended 30th June</b>	
		<b>2016</b>	<b>2015</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Gross proceeds from operations	4&5	<b>1,934,904</b>	605,448
Revenue	4	<b>1,932,094</b>	585,351
Cost of sales		<b>(905,571)</b>	(252,378)
Gross profit		<b>1,026,523</b>	332,973
Other income		<b>25,764</b>	25,480
Gain on fair value changes of investment properties		-	282,766
Net (loss) gain in investments held for trading		<b>(3,406)</b>	3,320
Selling expenses		<b>(196,701)</b>	(92,499)
Administrative expenses		<b>(83,402)</b>	(75,140)
Other gains and losses, net	6	<b>(7,021)</b>	13,969
Finance costs	7	<b>(148,538)</b>	(70,671)
		<b>613,219</b>	420,198
Share of results of associates		<b>(863)</b>	854
Share of results of joint ventures		<b>2,899</b>	2,974
Profit before taxation	8	<b>615,255</b>	424,026
Taxation	9	<b>(312,237)</b>	(183,296)
Profit for the period		<b>303,018</b>	240,730
Profit for the period attributable to:			
Owners of the Company		<b>219,775</b>	238,148
Non-controlling interests		<b>83,243</b>	2,582
		<b>303,018</b>	240,730
Earnings per share (HK cents)	11		
- Basic		<b>13.74</b>	15.55
- Diluted		<b>N/A</b>	15.55

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

	<b>Six months ended 30th June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period	<b>303,018</b>	240,730
Other comprehensive (expense) income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation of:		
- subsidiaries	<b>(207,489)</b>	(7,319)
- joint ventures	<b>(21,800)</b>	(1)
- associates	<b>(91)</b>	92
Reclassification adjustments:		
- release from investment reserve upon disposal of available-for-sale investments	-	(350)
- release from reserve on acquisition upon sale of properties held for sale	<b>838</b>	-
Gain on changes in fair value of available-for-sale investments	<b>10,227</b>	24,289
<i>Items that will not be reclassified to profit or loss:</i>		
Gain on revaluation of property transferred from property, plant and equipment to investment properties	-	27,209
Deferred taxation arising on revaluation of property transferred from property, plant and equipment to investment properties	-	(6,802)
Other comprehensive (expense) income for the period	<b>(218,315)</b>	37,118
<b>Total comprehensive income for the period</b>	<b>84,703</b>	<b>277,848</b>
Total comprehensive income attributable to:		
Owners of the Company	<b>19,373</b>	275,268
Non-controlling interests	<b>65,330</b>	2,580
	<b>84,703</b>	<b>277,848</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	(Unaudited) 30th June 2016 HK\$'000	(Audited) 31st December 2015 HK\$'000
<b>Non-Current Assets</b>			
Fixed assets			
- Investment properties		7,104,324	7,258,654
- Property, plant and equipment		222,016	236,467
Lease premium for land		38,388	42,504
Film distribution rights		5,491	5,491
Goodwill		33,288	33,288
Deferred tax assets		315,169	317,600
Interests in associates		13,337	14,289
Interests in joint ventures		1,006,880	1,025,781
Other receivables		-	60,874
Available-for-sale investments		159,825	149,598
		<b>8,898,718</b>	<b>9,144,546</b>
<b>Current Assets</b>			
Lease premium for land		5,828	5,955
Properties under development		2,263,146	3,136,392
Deposit paid for land use right		1,654,466	1,690,407
Properties held for sale		6,603,482	6,680,195
Trade and other receivables and prepayments	12	616,474	484,312
Investments held for trading		101,621	83,145
Inventories		5,553	5,994
Prepaid tax		25,718	-
Pledged bank deposits		215,480	337,778
Cash and bank balances		2,692,633	2,780,454
		<b>14,184,401</b>	<b>15,204,632</b>
<b>Current Liabilities</b>			
Trade and other payables and accruals	13	1,113,548	1,380,007
Receipts in advance		971,246	655,148
Taxation		3,999,945	4,026,295
Borrowings		2,298,887	3,179,898
Amounts due to joint ventures		106,075	48,699
		<b>8,489,701</b>	<b>9,290,047</b>
<b>Net Current Assets</b>		<b>5,694,700</b>	<b>5,914,585</b>
<b>Total Assets Less Current Liabilities</b>		<b>14,593,418</b>	<b>15,059,131</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

	<b>(Unaudited)</b> <b>30th June</b> <b>2016</b> <b>HK\$'000</b>	(Audited) 31st December 2015 HK\$'000
<b>Capital and Reserves</b>		
Share capital	<b>857,530</b>	794,333
Share premium and reserves	<b>10,336,780</b>	10,474,794
Equity attributable to owners of the Company	<b>11,194,310</b>	11,269,127
Non-controlling interests	<b>982,545</b>	917,215
<b>Total Equity</b>	<b>12,176,855</b>	12,186,342
<b>Non-Current Liabilities</b>		
Amount due to a joint venture	-	59,680
Borrowings	<b>1,143,458</b>	1,366,734
Deferred tax liabilities	<b>1,273,105</b>	1,446,375
	<b>2,416,563</b>	2,872,789
	<b>14,593,418</b>	15,059,131

*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 the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**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 used in the condensed consolidated financial statements for the six months ended 30th June, 2016 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2015.

In the current interim period, the Group has applied, for the first time, amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period. The application of the amendments to HKFRSs in the current interim period has no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The Group has not early applied any amendments to or new and revised HKFRSs that have been issued but are not yet effective.

### 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) PVC operations
  - represents the gross revenue from sale of PVC pipes and fittings
- (iv) Leisure
  - represents the income from golf club operations and its related services
- (v) Media and entertainment
  - represents the gross revenue received and receivable from investment in concerts, films distribution and related income

Gross proceeds from operations include the sale proceeds and dividend income received and receivable from investments held for trading under the business of securities trading, in addition to the above aggregated revenue.

Revenue and gross proceeds from each type of business for the period ended 30th June, 2016 consist of the following:

	<b>Six months ended 30th June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue from sale of properties	<b>1,736,741</b>	414,177
Revenue from sale of goods	<b>592</b>	1,196
Revenue from rendering of services from golf club operations	<b>20,345</b>	21,746
Revenue from property rental and management fee	<b>168,567</b>	144,669
Revenue from media and entertainment business	<b>5,849</b>	3,563
<b>Revenue</b>	<b>1,932,094</b>	585,351
Gross proceeds from sale of and dividend income from investments held for trading	<b>2,810</b>	20,097
<b>Gross proceeds from operations</b>	<b>1,934,904</b>	605,448

During the six months ended 30th June, 2016, there was an increase in revenue generated from sale of properties of the Group in the Mainland and Macau Special Administrative Region of the People's Republic of China resulting in an increase in both revenue and profit of the Group for the period.

## 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 (v), the Group's operating segments under HKFRS 8 "Operating Segments" include securities trading segment which is dealings in investments held for trading.

	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
<b><u>For the six months ended</u></b>							
<b><u>30th June, 2016</u></b>							
<b>GROSS PROCEEDS FROM OPERATIONS</b>							
Segment revenue	<u>168,567</u>	<u>1,736,741</u>	<u>592</u>	<u>20,345</u>	<u>5,849</u>	<u>2,810</u>	<u>1,934,904</u>
<b>RESULTS</b>							
Segment profit (loss)	<u>123,780</u>	<u>660,233</u>	<u>(1,816)</u>	<u>(8,852)</u>	<u>(27)</u>	<u>(3,612)</u>	<u>769,706</u>
Other unallocated income							19,805
Unallocated expenses							(27,754)
Finance costs							(148,538)
							<u>613,219</u>
Share of results of associates							(863)
Share of results of joint ventures							2,899
							<u>615,255</u>
<b><u>For the six months ended</u></b>							
<b><u>30th June, 2015</u></b>							
<b>GROSS PROCEEDS FROM OPERATIONS</b>							
Segment revenue	<u>144,669</u>	<u>414,177</u>	<u>1,196</u>	<u>21,746</u>	<u>3,563</u>	<u>20,097</u>	<u>605,448</u>
<b>RESULTS</b>							
Segment profit (loss)	<u>386,185</u>	<u>97,455</u>	<u>(1,820)</u>	<u>(7,067)</u>	<u>(1,901)</u>	<u>3,147</u>	<u>475,999</u>
Other unallocated income							39,654
Unallocated expenses							(24,784)
Finance costs							(70,671)
							<u>420,198</u>
Share of results of associates							854
Share of results of joint ventures							2,974
							<u>424,026</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. For the details of revenue from each type of business and reconciliation of segment revenue to the Group's revenue of HK\$1,932,094,000 (2015: HK\$585,351,000), 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 of the Company for the purposes of resources allocation and performance assessment.

**6. OTHER GAINS AND LOSSES, NET**

	<b>Six months ended 30th June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Allowance of bad and doubtful debts, net	(1,062)	(205)
Net exchange (loss) gain	(5,389)	177
Net (loss) gain on disposal of property, plant and equipment, net of written off	(570)	13,636
Net gain on disposal of available-for-sale investments	-	361
	<u>(7,021)</u>	<u>13,969</u>

**7. FINANCE COSTS**

	<b>Six months ended 30th June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on borrowings	148,864	171,315
Less: interest capitalised	(326)	(100,644)
	<u>148,538</u>	<u>70,671</u>

Borrowing cost capitalised for both periods arose from borrowings for specific purposes.

**8. PROFIT BEFORE TAXATION**

	<b>Six months ended 30th June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	9,783	8,893
Amortisation of lease premium for land	2,967	3,222
and after crediting:		
Dividends from investments held for trading (included in net (loss) gain in investments held for trading)	2,191	31
Other income		
- Interest income	14,957	14,124
- Dividends from available-for-sale investments - listed	5,114	5,114
	<u>14,957</u>	<u>14,124</u>
	<u>5,114</u>	<u>5,114</u>

## 9. TAXATION

	<b>Six months ended 30th June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The charge comprises:		
The Mainland of the People's Republic of China (the "PRC")		
Enterprise Income Tax	<b>126,229</b>	89,319
PRC Land Appreciation Tax	<b>268,890</b>	156,767
Macau Complementary Tax	<b>44,177</b>	-
Dividend withholding Tax	-	405
Underprovision in prior period		
- PRC Enterprise Income Tax	<b>1,234</b>	1,828
	<b>440,530</b>	248,319
Deferred tax credit	<b>(128,293)</b>	(65,023)
Total tax charges for the period	<b>312,237</b>	183,296

The Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) on the assessable profit for the period. No provision for Hong Kong Profits Tax has been made since there is no assessable profit for the period (2015: the assessable profit is wholly absorbed by tax losses brought forward). The income tax rate of the PRC subsidiaries for the period ended 30th June, 2016 is 25% (2015: 25%).

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

## 10. DIVIDEND

The Directors do not recommend payment of an interim dividend for the period under review (for the six months ended 30th June, 2015: Nil).

In June 2016, an interim dividend of 21 HK cents per share for the year ended 31st December, 2015 (2015: interim dividend of 11 HK cents per share for 2014) amounting to approximately HK\$333,620,000 (2015: HK\$167,874,000) in aggregate was paid to shareholders. Of the dividend paid during the period, approximately HK\$239,430,000 (2015: HK\$133,329,000) was settled in fully paid shares under the Company's scrip dividend scheme approved by the Board on 30th March, 2016.

## 11. EARNINGS PER SHARE

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

	<b>Six months ended 30th June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<b>219,775</b>	238,148
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>1,599,082,011</b>	1,531,656,017



## 11. EARNINGS PER SHARE (continued)

For the six months ended 30th June, 2016, no diluted earnings per share is presented as there was no dilutive ordinary share outstanding.

For the six months ended 30th June, 2015, the computation of diluted earnings per share did not assume the exercise of the Company's share options because their exercise price was higher than the average share price.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The general credit terms of the Group given to trade customers are within 60 days. A longer credit period may be granted to customers with long business relationship.

Included in trade and other receivables and prepayments are trade receivables, net of impairment losses, of HK\$6,838,000 (2015: HK\$10,064,000) and their aged analysis as at the end of the reporting period is as follows:

	<b>30th June 2016 HK\$'000</b>	31st December 2015 HK\$'000
0 – 3 months	1,894	5,249
4 – 6 months	2,801	1,260
7 – 12 months	2,143	3,555
	<u>6,838</u>	<u>10,064</u>

## 13. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals are trade payables of HK\$372,734,000 (2015: HK\$545,584,000) and their aged analysis as at the end of the reporting period is as follows:

	<b>30th June 2016 HK\$'000</b>	31st December 2015 HK\$'000
0 – 3 months	186,159	445,449
4 – 6 months	16,767	167
7 – 12 months	72,187	306
Over 1 year	97,621	99,662
	<u>372,734</u>	<u>545,584</u>

## GENERAL OVERVIEW

For the first six months of 2016, the Group reported a consolidated profit after taxation of HK\$303,018,000, an increase of approximately 25.87% over that for the corresponding period in 2015 (2015: HK\$240,730,000).

This improvement in the results of the Group for the period under review was principally attributable to the recognition of sale proceeds of various property projects in Shanghai, Tianjin and Macau Special Administrative Region (“Macau”) of the People’s Republic of China (“China”). Hence, there was an increase in profit generated from property development and trading of the Group during the first half of 2016, resulting in a segment profit of HK\$660,233,000 for the period under review (2015: HK\$97,455,000). However, the property projects in Tianjin and Macau are not wholly held by the Group, so part of the profit for the period was attributable to minority shareholders of the project companies. In addition, unlike the substantial amount of unrealized gain on fair value changes of investment properties of the Group of HK\$282,766,000 for the corresponding period in 2015, there was no change in fair value of those properties arising from market valuation as at the period end. Furthermore, 126.39 million shares were issued under the scrip dividend scheme of the Company for the interim dividend for 2015 in June 2016. As a result, for the six months ended 30th June, 2016, the profit attributable to shareholders of the Company amounted to HK\$219,775,000 (2015: HK\$238,148,000) and basic earnings per share was 13.74 HK cents (2015: 15.55 HK cents), both recorded a drop. Nevertheless, ignoring the effect of changes in fair value of investment properties, the Group reported a substantial increase in profit attributable to shareholders of the Company for the period under review by around 7.43 times from that for the corresponding period in 2015.

The Board does not recommend payment of an interim dividend for the six months ended 30th June, 2016 (interim dividend for the six months ended 30th June, 2015: Nil).

## **OPERATIONS REVIEW**

The Group maintained its operation base in China for the period under review.

For the first half of 2016, owing to recognition of sale proceeds of the Group’s property projects in Shanghai, Tianjin and Macau, the property development and trading segment reported a profit of HK\$660,233,000 (2015: HK\$97,455,000) and became the primary profit contributor of the Group.

Property investment in Shanghai was the secondary profit maker of the Group and this generated a segment profit of HK\$123,780,000 (2015: HK\$386,185,000), which was derived from the steady recurrent rental and management income from the investment properties of the Group. Unlike in 2015, there was no increase in fair value of those investment properties upon valuation as at 30th June, 2016, so the segment profit decreased for the period under review.

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 total segment profit of HK\$784,013,000 (2015: HK\$483,640,000). Property development and investment generated total revenue of HK\$1,905,308,000 and this accounted for approximately 98.47% of the gross proceeds from operations of the Group for the six months ended 30th June, 2016. There was no change in fair value of the investment properties of the Group at the end of the period under review. For the first half of 2016, projects in Shanghai remained the major source of revenue, which accounted for approximately 38.47% of the gross proceeds from operations of the Group while the project in Tianjin is the secondary source of revenue and accounted for approximately 33.93% of the gross proceeds from operations of the Group. The project in Macau is the tertiary source of revenue and accounted for approximately 26.07% of the gross proceeds from operations of the Group.

### **Tomson Riviera, Shanghai**

Tomson Riviera comprises four residential towers erected along the riverfront of Lujiazui of Pudong and overlooking the Bund. 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 30th June, 2016, a total of residential gross floor area of Towers A and C of approximately 15,400 square meters were available for sale while of the total residential gross floor area of Towers B and D of approximately 58,400 square meters, around 73% were leased.

For the first six months of 2016, the project recognized total revenue of HK\$642.09 million and this accounted for approximately 33.18% 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. Besides, sale deposits of HK\$218.89 million were credited as at the end of the period under review and such amount is expected to be recognized in the annual results of the Group for 2016.

### **Tomson Riviera Garden, Shanghai**

Tomson Riviera Garden is a low-density residential project of the Group adjacent to Tomson Shanghai Pudong Golf Club in Sanba River District of Pudong and the Group holds a 70% interest in this project.

Development of the whole project has been completed in three phases and all the residential units other than two units of Phase 3 were sold out. For the period under review, sale proceeds, rental income and management fee generated from the project in an aggregate of HK\$29.60 million was recognized and this accounted for approximately 1.53% of the gross proceeds from operations of the Group. Sale deposits of residential units of Phase 3 of HK\$33.96 million were credited as at the end of the period under review and are expected to be recognized in the annual results of the Group for 2016.

### **Commercial and Industrial Buildings, Shanghai**

Rental income and management fee from the Group's commercial and industrial property portfolio in Pudong, which comprised, inter alia, Tomson Commercial Building, Tomson International Trade Building, Tomson Waigaoqiao Industrial Park, the commercial podium of Tomson Business Centre and the office premises on the entire 72nd Floor of Shanghai World Financial Centre, provided a steady recurrent revenue of HK\$71.89 million to the Group and this accounted for approximately 3.72% of the gross proceeds from operations of the Group for the period 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 and there are now less than 10 residential units available for sale. During the period under review, the amount of proceeds generated from leasing of residential units and sale of car parking spaces was insignificant.

### **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, 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 and the time for delivery of vacant possession of the last phase has been extended to the end of 2016.

Initial plans called for the Tomson Portion to be developed into a low-density residential development in phases. The first phase of the project will comprise 43 low-density residential units with total saleable gross floor area of approximately 16,000 square meters, a club house and ancillary facilities. The superstructure of the residential units had been topped out in December 2014 and it is expected that completion of the construction works will be deferred to 2018 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”) in a plot of land with a site area of approximately 28,286.2 square meters in Jinqiao-Zhangjiang District, Pudong. As these 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. Completion of the transfers of the land use rights of the Sports Portion and the Development Project was stipulated to be inter-conditional in the above framework agreement. There have been some delay in achieving this goal and all contracting parties entered into a supplemental agreement on 29th July, 2016 to the effect that the said inter-conditional requirement would no longer be applicable and that the development at the Sports Portion and the Development Project shall be independent from each other and the development progress and status of one project shall not affect the other project. Approval of the supplemental agreement has been obtained from the controlling shareholders of the Company holding more than 50% of the issued shares of the Company. Registration of the transfer of the land use rights of the Development Project by the relevant government authorities in China is in progress. The Development Project is under construction. All contracting parties are collaborating closely towards resolving and satisfying the requisite formalities for consummation of the acquisition of the Sports Portion by the Group as envisaged in the framework agreement and in the best interest of all parties concerned.

### **Phase 2 of Jinwan Plaza, Tianjin**

The Group has participated in the development of phase two of Jinwan Plaza, which is situated in the central area of Heping District, Tianjin, by holding a 75% equity interest in Tianjin Jinwan Real Estate Development Co., Limited (“Jinwan Real Estate”) and a 51% equity interest in Tianjin Jinwan Property Co., Limited (“Jinwan Property”). There are 3 high-rise buildings in phase two of Jinwan Plaza.

Jinwan Real Estate has completed the development of two high-rise buildings of 25 and 57 stories respectively (including a 4-level podium) in 2015 for residential and commercial purposes with total gross floor area of approximately 294,900 square meters. The residential portion of these two buildings, named “Tomson Riviera Tianjin”, is earmarked for sale and provides 749 units with total saleable gross floor area of approximately 155,500 square meters. As at 30th June, 2016, approximately 48% of the total saleable gross floor area was sold. Revenue of HK\$656.55 million, which was generated from sale and leasing, was recognized for the period under review and this accounted for approximately 33.93% of the gross proceeds from operations of the Group. In addition, sale deposits of the residential units and car parking spaces totalling HK\$597.36 million were credited to the Group and such amount is expected to be recognized in 2016.

Jinwan Property is developing a high-rise building of 70 stories (including a 4-level podium) with total gross floor area of approximately 209,500 square meters for commercial-cum-office uses. Construction of the superstructure of the building is under way and is scheduled to be topped out in the third quarter of 2016. Completion of construction works are planned for the fourth quarter of 2017. Pre-sale permit was obtained in the second quarter of 2016 and a marketing programme for the offices portion will be launched.

The commercial portion of all three buildings is collectively named “One Mall”. It is considering the operation units of the commercial portion which is planned to be inaugurated in 2018.

### **One Penha Hill, Macau**

The Group holds a 70% interest in the development of a luxury residential condominium at Penha Hill within a designated World Heritage zone of Macau. The development project is named “One Penha Hill” and consists of 63 residential units in four apartment blocks with a club house, swimming pool, roof terrace and car parking spaces with total gross floor area of approximately 22,800 square meters. The occupation permit of the project was issued in mid-January 2016. As at 30th June, 2016, approximately 35% of the residential gross floor area were contracted for sale. For the first six months of 2016, proceeds of sale of residential units and car parking spaces of HK\$504.42 million were recognized and this accounted for approximately 26.07% of the gross proceeds from operations of the Group. This project is the major source of profit of the Group during the period under review. Sale deposits of HK\$111.26 million were credited as at the end of the period under review and are currently expected to be recognized in the annual results of the Group for 2016 upon delivery of the properties.

### **Media and Entertainment**

In anticipation of the potential increase in demand for leisure activities from visitors from the Mainland of China and the local population in Hong Kong Special Administrative Region (“Hong Kong”), the Group set up its film distribution business in 2011 and has also participated in the production of live entertainment shows. Gross revenue received and receivable from this segment amounted to HK\$5,849,000 and this accounted for approximately 0.30% of gross proceeds from operations of the Group during the first six months of 2016. The revenue for the period was generated from investments in concert production and a segment loss of HK\$27,000 (2015: HK\$1,901,000) was recorded during the period under review after taking account of administration cost.

### **PVC Operations**

The manufacturing operation of PVC pipes and fittings in Shanghai, in which the Group holds a 58% interest, is under liquidation after the expiry of the land use rights of the factory lot and no revenue was generated during the period under review. To capitalize on the Group’s established brand 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. The trading operation reported insignificant revenue of HK\$592,000 and this accounted for approximately 0.03% of the gross proceeds from operations of the Group for the period under review. Taking account of provision for bad and doubtful debts for the trading operation, the PVC operations recorded a segment loss of HK\$1,816,000 in the first half of 2016 (2015: HK\$1,820,000).

### **Securities Trading**

For the period under review, the Group’s securities trading business in Hong Kong reported revenue of HK\$2,810,000 and this accounted for around 0.15% of the gross proceeds from operations of the Group. There was reduction in trading activities and the revenue was mainly derived from dividend receipts from the trading securities held by the Group while the balance was sale proceeds. After taking into account an unrealized loss on changes in fair value of the trading securities of the Group, a net loss in securities investments held for trading of HK\$3,406,000 was reported for the six months ended 30th June, 2016 (2015: net gain of HK\$3,320,000).

## **Hospitality and Leisure Industry**

### **Tomson Shanghai Pudong Golf Club, Shanghai**

Tomson Shanghai Pudong Golf Club generated revenue of HK\$20,345,000, being approximately 1.05% of the gross proceeds from operations of the Group, and reported a segment loss of HK\$8,852,000 for the six months ended 30th June, 2016 (2015: HK\$7,067,000). The decline in operating results of the Club for the period under review was mainly attributable to a drop in the sale of membership debentures possibly due to new social and political developments and the remaining tenure of the debentures being less than ten years.

### **InterContinental Shanghai Pudong, Shanghai**

The Group holds a 50% interest in InterContinental Shanghai Pudong hotel and shared a net profit of HK\$5.87 million from this investment for the period under review (2015: HK\$6.28 million). The hotel reported an average occupancy rate of approximately 70% during the period under review. The revenue and profit of the hotel operation were slightly below expectations mainly because there was a drop in the occupancy rate in the first two months of 2016 under new market promotion policy of InterContinental Hotel Group but the occupancy rate had improved starting from March 2016.

## **Investment Holding**

In addition to its own property development projects, the Group holds a 9.8% interest in the issued shares of Rivera (Holdings) Limited (“RHL”), a listed company in Hong Kong, as a long-term investment. RHL is principally engaged in property development and investment in Shanghai as well as securities trading and investment in Hong Kong. The Group received dividends of HK\$5,114,000 from RHL during the period under review and an unrealized gain on change in fair value of the investment of HK\$10,227,000 was credited to the investment reserve of the Group as at the end of the period under review pursuant to the 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. The company is principally engaged in property development and investment in Shanghai.

## **FINANCIAL REVIEW**

### **Liquidity and Financing**

The Group’s capital expenditure and investments for the six months ended 30th June, 2016 were mainly 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\$2,692,633,000. During the period under review, the Group generated a net cash inflow of HK\$1,092,295,000 and HK\$139,424,000 from its operations and investing activities respectively. Taking into account the net cash outflow of HK\$1,264,032,000 from financing activities, the Group recorded a net cash outflow of HK\$32,313,000 (2015: net cash inflow of HK\$263,738,000). The net cash outflow for the period under review was mainly attributable to repayment of borrowings but it was partly offset by receipt of sale proceeds of properties held for sale and withdrawal of pledged bank deposits.

As at 30th June, 2016, excluding receipts in advance, of the liabilities of the Group of HK\$9,935,018,000 (31st December, 2015: HK\$11,507,688,000), about 40.26% were taxation under current liabilities, about 34.65% were borrowings, about 12.81% were deferred tax liabilities, about 11.21% were trade and other payables and accruals while the balance was amounts due to joint ventures.

The Group's borrowings as at 30th June, 2016 amounted to HK\$3,442,345,000 (31st December, 2015: HK\$4,546,632,000), equivalent to 30.75% (31st December, 2015: 40.35%) of the equity attributable to owners of the Company at the same date. The Group did not employ any financial instruments for financing and treasury management. All of the borrowings were under security and approximately 34% were subject to fixed interest rate. Of these borrowings, approximately 66.78% were due for repayment on demand or within one year from the end of the reporting period, approximately 23.59% were repayable more than one year but not exceeding two years from the end of the reporting period, while the remainder was repayable more than two years but not more than five years from the end of the reporting period.

At the end of the reporting period, the Group had capital commitments in relation to expenditure on properties under development of HK\$614,638,000 (31st December, 2015: HK\$596,940,000) which were contracted but not provided for while there was no such commitment authorized but not contracted for (31st December, 2015: Nil). 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, 2016, the Group recorded a current ratio of 1.67 times (31st December, 2015: 1.64 times) and a gearing ratio (total liabilities to equity attributable to owners of the Company) of 97.43% (31st December, 2015: 107.93%). There was no significant change in the current ratio while the drop in gearing ratio was mainly attributable to repayment of borrowings.

### **Charge on Assets**

As at 30th June, 2016, assets of the Group with an aggregate carrying value of HK\$11,278.17 million (31st December, 2015: HK\$12,809.17 million) were pledged to borrowers for securing borrowings of the Group.

### **Foreign Exchange Exposure**

The majority of the Group's assets and liabilities are denominated in Renminbi, and the liabilities are well covered by the assets. The recent depreciation in value of Renminbi may have adverse effects on the Group, as the exchange difference may have a negative impact mainly on the net asset value of the Group. Nevertheless, all of the other assets and liabilities of the Group are denominated in either Hong Kong Dollar or United States Dollar, the Group anticipates that the exchange risk exposure is manageable.

### **Contingent Liabilities**

As at 30th June, 2016, the Group had a contingent liability of US\$0.64 million (31st December, 2015: US\$0.71 million) in respect of a provision of a guarantee to indemnify the management company of InterContinental Shanghai Pudong hotel a pro-rata share of the fund paid for hotel renovation and system upgrading. The Board is of the opinion that it would be unlikely for the Group to suffer any material financial loss as a result of giving the aforesaid guarantee.

In addition, the Group has provided a financial guarantee of HK\$836.45 million (31st December, 2015: HK\$472.67 million) to a bank to secure banking facilities for a property development project of a joint venture. Such banking facilities are secured by a floating charge over the property under development of the joint venture with a carrying amount which is much higher than the utilized loan balance at the end of the reporting period. The Board therefore considers that it is unlikely that the guarantee will be enforced.

## **PROSPECTS**

Faced with various regulations and measures imposed by both the local and central governments of the Mainland of China on the real estate market, the downturn in gaming revenue in Macau and recent fluctuations in the global stock markets, the Group envisages challenges affecting the pace and volume of its property sale will continue in 2016 and in the medium-term. Nevertheless, the Group will endeavour to maintain the momentum in its sale and leasing of its property portfolio in Shanghai, Tianjin as well as Macau.

Tomson Riviera will be the Group's principal source of profit while Tomson Riviera Tianjin and One Penha Hill are expected to become other significant sources of revenue of the Group for the year 2016. The Group will use its best effort to boost sales and accomplish the delivery of the units sold within 2016.

It is expected that the global and Hong Kong financial markets will remain relatively volatile in the second half of 2016. Management will remain cautious in managing the securities trading portfolio of the Group, with an emphasis on securities with recurrent yield.

Whilst property development and investment will remain the Group's business focus, the Group will continue to explore and evaluate prudently other potential investment opportunities. Nevertheless, it will be the objective of the Group to maintain an optimum balance in the allocation of its resources both geographically and in different business segments.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30th June, 2016, there was no purchase, sale or redemption made by the Company, or any of its subsidiaries, of the Company's listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

The Board of the Company considers that the Company has complied with all the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period of six months ended 30th June, 2016, except that:

- (a) Madam Hsu Feng takes up both the posts of Chairman of the Board and Managing Director of the Company. While this is a deviation from the Code, dual role leadership provides the Group with a strong and consistent leadership and allows for more effective operation of the business. The Board is of the view that adequate check and balance of power is in place. Responsibilities for the Company's daily business management are shared amongst Madam Hsu and other members of the executive committee of the Board. Besides, all major decisions are made in consultation with members of the Board or appropriate committees of the Board in accordance with the provisions of the code on risk management and internal control of the Company;



- (b) none of the existing independent non-executive Directors of the Company are appointed for a specific term, but they are subject to retirement and re-election at least once every three years at annual general meetings of the Company pursuant to the Articles of Association of the Company (the “Articles”);
- (c) in accordance with the Articles, any Director of the Company appointed by the Board to fill a casual vacancy shall hold office until the next following annual general meeting of the Company instead of being subject to election at the first general meeting of the Company after his appointment as stipulated in the Code. Such arrangement not only complies with Appendix 3 to the Listing Rules but also streamlines the mechanism of re-election of Directors so that both new Directors appointed by the Board (either for filling a casual vacancy or as an additional member) and existing Directors retiring by rotation shall be subject to re-election at the annual general meeting for the relevant year. Furthermore, extraordinary general meetings will be reserved for considering and approving notifiable/connected transactions or other corporate actions under the Listing Rules only, which should enhance efficiency in procedures for corporate matters; and
- (d) the Company has not established a nomination committee comprising a majority of independent non-executive Directors as stipulated in the Code. This is because when identifying individuals of the appropriate calibre and qualification to be Board members and when assessing the independence of independent non-executive Directors, it is necessary to have a thorough understanding of the structure, business strategy and daily operation of the Company. The participation of executive Directors during the process is therefore indispensable. Accordingly, the Board as a whole remains responsible for reviewing its own structure, size and composition annually, and also for considering the appointment and re-appointment of Directors as well as assessing the independence of independent non-executive Directors.

#### **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE, 2016**

This interim 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 Interim Report 2016 of the Company will be despatched to the shareholders of the Company by the end of September 2016 and will be available on the above websites.

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

Hong Kong, 26th August, 2016

*As at the date of this announcement, the Board of the Company comprises four executive Directors, Madam Hsu Feng (Chairman and Managing Director), Mr Albert Tong (Vice-Chairman), Mr Tong Chi Kar Charles (Vice-Chairman) and Mr Yeung Kam Hoi, and three independent non-executive Directors, Mr Cheung Siu Ping, Oscar, Mr Lee Chan Fai and Mr Sean S J Wang.*