



渝太地產集團有限公司
Y. T. REALTY GROUP LIMITED
Stock Code : 75

INTERIM
REPORT
2014

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Corporate Information

Executive Director

Cheung Chung Kiu (*Chairman*)
Wong Chi Keung (*Managing Director*)
Yuen Wing Shing
Tung Wai Lan, Iris

Non-executive Director

Lee Ka Sze, Carmelo
Wong Yat Fai

Independent Non-executive Director

Ng Kwok Fu
Luk Yu King, James
Leung Yu Ming, Steven

Audit Committee

Luk Yu King, James (*Chairman*)
Lee Ka Sze, Carmelo
Ng Kwok Fu
Leung Yu Ming, Steven

Remuneration Committee

Leung Yu Ming, Steven (*Chairman*)
Cheung Chung Kiu
Ng Kwok Fu

Nomination Committee

Cheung Chung Kiu (*Chairman*)
Ng Kwok Fu
Leung Yu Ming, Steven

Authorised Representative

Cheung Chung Kiu
Yuen Wing Shing (*Alternate to Cheung Chung Kiu*)
Yuen Wing Shing
Cheung Chung Kiu (*Alternate to Yuen Wing Shing*)

Company Secretary

Albert T. da Rosa, Jr.

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

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26 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2500 5555
Fax: (852) 2507 2120
Website: www.ytrealtygroup.com.hk
Email: investors@ytrealtygroup.com.hk

External Auditors

Ernst & Young

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited
The Bank of East Asia, Limited

Legal Adviser

Bermuda:
Conyers Dill & Pearman

Hong Kong:

Woo, Kwan, Lee & Lo
Cheung, Tong & Rosa

Registrar & Transfer Office

Bermuda:
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong:

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel: (852) 2980 1700
Fax: (852) 2890 9350

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 75

Management Discussion and Analysis

The board of directors is pleased to present the Group's interim report and condensed accounts for the six months ended 30 June 2014. The consolidated results, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the six months ended 30 June 2014, and the consolidated statement of financial position of the Group as at 30 June 2014, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 11 to 33 of this report.

Business Review

The Group's net profit attributable to shareholders for the first six months of 2014 amounted to HK\$251.6 million which was 10.3% higher than the results of the corresponding period of 2013. Earnings per share for the first six-month period of 2014 amounted to HK31.5 cents (2013: HK28.5 cents). Excluding the effect of property revaluation, the Group recorded a net profit increase of 14.6% when compared with the last corresponding period.

For the first half of 2014, the Group's revenue increased by 4.6% to HK\$104.4 million as compared to the last corresponding period. Rental income from investment properties amounted to HK\$99.8 million, up 4.6% from HK\$95.4 million. During the period under review, the Group's core properties recorded steady increase in overall rental rates.

In the first half of 2014, the Hong Kong SAR Government continued to struggle in maintaining a proper balance between healthy economic growth and suppression of escalating property value of all kinds which has long been blamed for affecting the livelihood of the local citizens. Whilst full swing territory-wide large infrastructure and housing projects played a key role in supporting the economic growth, punitive taxing measures imposed on property ownership and investment across virtually all segments encumbered the pace of economic advancement. Anti-graft campaign in the Mainland coupled with economic correction had caused visitors' spending from across the border to dwindle significantly. This was most notable at the luxury retail sector, resulting in otherwise rare proliferation of retail vacancies in many popular tourist districts throughout the territories. The Group's property portfolio falls within this most hard-hit sector, but fortunately the actual impact was only modest, thanks to quality tenant mix, vivid branding of buildings and well established strong clientele. Other sectors which saw contraction were financial and accounting services which traditionally are large premises users. This explains why little improvement was witnessed in reducing the relatively high percentage of vacancy in the office sector in prime districts during the period under review. Despite these negative factors, the economy of Hong Kong on the whole was considered to be stable, which achievement can be ascribed to strong public fiscal reserve to support territory-wide infrastructure and housing projects, low interest rate environment, low unemployment and most importantly the steady large amount of visitors, all of which helped minimised market volatility and uncertainty.

Management Discussion and Analysis

Business Review *(continued)*

Against this challenging backdrop, the Group is pleased to report a stable half-year result for 2014. Moderate increase was recorded for the overall rental revenue as well as rental rate whilst occupancy rate slipped slightly to just below last year's 98%. We ascribed such stable result to the prestigious locations of our properties, innovative and proactive marketing endeavors, as well as dedicated tenancy service by the well trained in-house management team; and more importantly, the Group's continual investment to strengthen unique branding for our different properties cushioned well in times of any market volatility.

The Group's investment property portfolio was independently valued at the end of the period resulting in a revaluation surplus of HK\$78.4 million. The revaluation surplus of the Group's investment properties was reported in the statement of profit or loss.

The Group's share of profit after taxation from the associated company, The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), for the period was HK\$99.9 million (2013: HK\$80.1 million), increased by 24.7% from last period. Cross-Harbour is listed on The Stock Exchange of Hong Kong Limited and it is engaged in investment and management of tunnels, motoring schools and highway and tunnel toll system.

Prospects

While the first half year's result of the Group was relatively stable, we expect market uncertainty and volatility will intensify in the coming months which may have implication on our performance. On the macro-economic perspective, we do not expect to see much turbulence in major global markets which will likely to maintain the forward momentum of recovery. Low interest rate environment though may be changed but will not be too drastic and too soon as debt ratio in many countries are still on the high side. On the Mainland, focus will be expected to shift more to economic development which is crucial to the nation's overall stability.

Locally, we expect the newly approved cross-border investment between Hong Kong and Shanghai stock markets in the fourth quarter of 2014 will stimulate further investment activities of both markets. As a result, opportunity for further expanding Renminbi clearing business for Hong Kong will be expected. On the property side, transactions of residential units are expected to increase due to more new stocks coming on stream alongside with aggressive sales incentives by developers. Visitors from the Mainland which sheer numbers though have caused some concerned will continue to grow steadily but under close scrutiny to avoid over-burdening local amenities and facilities. On the other hand, political reform has sparked off polarisation signs in the community and this may cause market uncertainty.

Management Discussion and Analysis

Prospects *(continued)*

It is therefore envisaged that the year ahead will be full of challenges. Though the market may be rather volatile and full of uncertainty, the extent of which will be difficult to predict. The Group will adopt a prudent approach in managing its core asset of property investment in Hong Kong with more focus to be put on retention of tenants. As the current financial position of the Group is in a very solid state, which will not only withstand market volatility but is geared up for necessary business expansion when suitable opportunities arise. Our underlining investment criteria will not de-track from ensuring long term sustainability for the Group and stable return for shareholders.

Financing and Liquidity

The Group's financial expenses for the period amounted to HK\$1.5 million, decreased by 16.0% from HK\$1.8 million when compared to the same period last year as the Group's bank borrowings was reduced during the period.

As at 30 June 2014, the total bank borrowings was HK\$111.6 million, decreased from HK\$133.1 million at end of 2013. Certain investment properties with aggregate carrying value of HK\$3,860.0 million (31 December 2013: HK\$3,780.0 million) were pledged, together with assignment of rental income, to secure loan facilities. Term loan instalments repayable within one year amounted to HK\$20.0 million.

The following is the maturing profile of the Group's bank borrowings as of 30 June 2014:

Within one year	17.9%
In the second year	17.9%
In the third to fifth years, inclusive	53.8%
Beyond five years	10.4%
	<hr/>
	<u>100.0%</u>

As at 30 June 2014, the Group's cash and cash equivalents was HK\$299.7 million. As the Group had net cash and cash equivalents of HK\$188.1 million (31 December 2013: HK\$117.1 million), that represented zero gearing (31 December 2013: zero). The gearing ratio, if any, is calculated as the ratio of net bank borrowings to shareholders' funds. With cash, available banking facilities, and recurring rental income, the Group has sufficient resources to meet the foreseeable funding needs for working capital and capital expenditure.

As the Group's borrowings are denominated in Hong Kong dollars and its sources of income are primarily denominated in Hong Kong dollars, there is basically no exposure to foreign exchange rate fluctuations.

Management Discussion and Analysis

Contingent Liabilities

As at 30 June 2014, the Company has executed guarantees totalling HK\$862.2 million (31 December 2013: HK\$883.7 million) with respect to banking facilities made available to its subsidiaries, out of which HK\$111.6 million were utilised (31 December 2013: HK\$133.1 million).

Staff

As at 30 June 2014, the Group employed 46 staff members. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, life insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the directors depending upon the financial performance of the Group.

Interim Dividend

The board of directors does not recommend an interim dividend for the six months ended 30 June 2014 (2013: Nil).

Disclosure of Interests

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

The register kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows, as at 30 June 2014, the following interests of directors in the shares of the Company or any associated corporation (within the meaning of Part XV of the SFO):

(a) Interests in the Company

Name	Capacity	No. of shares	Total no. of shares	% of shareholding
Cheung Chung Kiu	Interest of controlled corporation	273,000,000	273,000,000 ¹	34.14%
Wong Chi Keung	Beneficial owner	1,576,000	1,576,000	0.20%
Ng Kwok Fu	Beneficial owner	50,000		
	Interest of spouse	<u>40,000</u>	90,000	0.01%

(b) Interests in The Cross-Harbour (Holdings) Limited (associated corporation)

Name	Capacity	No. of shares	% of shareholding
Cheung Chung Kiu	Interest of controlled corporation	155,254,432 ²	41.66%

Disclosure of Interests

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures *(continued)*

Notes:

- ¹ Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in 273,000,000 shares in the Company by virtue of his indirect interest in Funrise Limited ("Funrise") which owned those shares. Funrise was a wholly owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang BVI") which in turn was a wholly owned subsidiary of Yugang International Limited ("Yugang International"). Mr. C.K. Cheung, Timmex Investment Limited (a company wholly owned by Mr. C.K. Cheung) and Chongqing Industrial Limited ("Chongqing Industrial") owned 0.57%, 9.16% and 34.33% of the issued share capital of Yugang International respectively. Chongqing Industrial was owned as to 35% by Mr. C.K. Cheung, as to 30% by Prize Winner Limited (a company owned by Mr. C.K. Cheung and his associates), as to 30% by Peking Palace Limited ("Peking Palace") and as to 5% by Miraculous Services Limited ("Miraculous Services"). Peking Palace and Miraculous Services were companies controlled by Palin Discretionary Trust, the trustee of which was Palin Holdings Limited ("Palin Holdings") and the objects of which included Mr. C.K. Cheung and his family.
- ² Honway Holdings Limited (an indirect wholly owned subsidiary of the Company) held 155,254,432 shares in The Cross-Harbour (Holdings) Limited. Mr. C.K. Cheung was deemed to be interested in those shares by virtue of his deemed interest in the shares of the Company as described in note 1 above.
- ³ All of the interests disclosed above represent long positions.

Save as disclosed herein, as at 30 June 2014, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by Directors of the Company.

Share Options

The Company's existing share option scheme was adopted on 29 April 2005, the details of which are given in the circular dated 13 April 2005.

No option lapsed and no option was granted, exercised or cancelled during the reporting period. Nor were there any outstanding options at the beginning and at the end of the period.

Disclosure of Interests

Interests and Short Positions of Shareholders

As at 30 June 2014, so far as is known to the directors of the Company, the following persons, other than the directors, had, or were deemed to have, interests in the shares of the Company as recorded in the register kept under section 336 of the SFO:

Name	Capacity	No. of shares	% of shareholding
Palin Holdings	Interest of controlled corporation	273,000,000 ¹	34.14%
Chongqing Industrial	Interest of controlled corporation	273,000,000 ¹	34.14%
Yugang International	Interest of controlled corporation	273,000,000 ¹	34.14%
Yugang BVI	Interest of controlled corporation	273,000,000 ¹	34.14%
Funrise	Beneficial owner	273,000,000	34.14%

Notes:

¹ Each parcel of 273,000,000 shares represents Funrise's interest in the Company (which is also duplicated in Mr. C.K. Cheung's interest in the Company's shares). Palin Holdings, Chongqing Industrial, Yugang International and Yugang BVI were deemed to be interested in those shares by virtue of their direct or indirect interest in Funrise.

² All of the interests disclosed above represent long positions.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2014, had, or was deemed to have, any interest or short position in the shares and underlying shares of the Company as recorded in the register kept under section 336 of the SFO, other than as disclosed on pages 6 and 7.

Other Information

Corporate Governance Code

Throughout the accounting period covered by the interim report, the Company complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out within Appendix 14 to the Main Board Listing Rules (the “Listing Rules”) save that the Company has no formal letters of appointment for directors except the managing director setting out the key terms and conditions of their appointment, and has therefore deviated from D.1.4 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Model Code for Securities Transactions

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (within the meaning of the CG Code) no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out within Appendix 10 to the Listing Rules.

All directors confirmed that they had complied with the required standard set out within the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the period.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in the Company during the period.

Review by Audit Committee

The interim report has been reviewed by the audit committee. The audit committee has also reviewed the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters with the management.

Other Information

Directors' Information

The Company has not been advised by its directors of any change in the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules since its last update to shareholders.

Appreciation

On behalf of the board, I wish to express our gratitude and sincere appreciation to the management and staff for their hard work and contributions.

On behalf of the board

Wong Chi Keung

Managing Director

Hong Kong, 26 August 2014

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	<i>Notes</i>	Unaudited	
		Six months ended 30 June	
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	<i>2, 3</i>	104,382	99,823
Direct outgoings		<u>(3,004)</u>	<u>(3,202)</u>
		101,378	96,621
Other income and other net losses		721	750
Administrative expenses		(14,359)	(11,984)
Finance costs		(1,517)	(1,807)
Changes in fair value of investment properties		78,380	77,134
Share of results of an associate		<u>99,875</u>	<u>80,110</u>
PROFIT BEFORE TAX	<i>4</i>	264,478	240,824
Income tax expense	<i>5</i>	<u>(12,877)</u>	<u>(12,618)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>251,601</u>	<u>228,206</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	<i>6</i>	<u>HK31.5 cents</u>	<u>HK28.5 cents</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	251,601	228,206
OTHER COMPREHENSIVE LOSS		
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive loss of an associate	(3,610)	(18,248)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	(3,610)	(18,248)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	247,991	209,958

Condensed Consolidated Statement of Financial Position

30 June 2014

	<i>Notes</i>	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	879	1,155
Investment properties	9	3,883,900	3,807,800
Investment in an associate	10	1,862,989	1,794,672
Other investments		1,697	1,697
Total non-current assets		<u>5,749,465</u>	<u>5,605,324</u>
CURRENT ASSETS			
Trade receivables	11	397	458
Other receivables, deposits and prepayments		7,299	8,541
Dividend receivable from an associate		9,315	—
Cash and cash equivalents		299,687	250,234
Total current assets		<u>316,698</u>	<u>259,233</u>
CURRENT LIABILITIES			
Trade payables	12	1,680	1,092
Other payables and accrued expenses		66,983	77,348
Bank loans, secured	13	20,000	31,500
Tax payable		13,811	2,903
Total current liabilities		<u>102,474</u>	<u>112,843</u>
NET CURRENT ASSETS		<u>214,224</u>	<u>146,390</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,963,689</u>	<u>5,751,714</u>
NON-CURRENT LIABILITIES			
Bank loans, secured	13	91,600	101,600
Deferred tax liabilities		76,943	74,974
Total non-current liabilities		<u>168,543</u>	<u>176,574</u>
Net assets		<u>5,795,146</u>	<u>5,575,140</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	14	79,956	79,956
Reserves		5,715,190	5,467,199
Proposed final dividend		—	27,985
Total equity		<u>5,795,146</u>	<u>5,575,140</u>

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2014 - Unaudited

	Attributable to equity holders of the Company									
	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Investment revaluation reserve of an associate <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Proposed final dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2014	79,956	95,738	1,350	1,800	1,321,935	2,644	4,003	4,039,729	27,985	5,575,140
Profit for the period	—	—	—	—	—	—	—	251,601	—	251,601
Other comprehensive loss for the period	—	—	—	—	—	(3,609)	(1)	—	—	(3,610)
Total comprehensive income/(loss) for the period	—	—	—	—	—	(3,609)	(1)	251,601	—	247,991
2013 final dividend declared and paid	—	—	—	—	—	—	—	—	(27,985)	(27,985)
At 30 June 2014	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>1,321,935*</u>	<u>(965)*</u>	<u>4,002*</u>	<u>4,291,330*</u>	<u>—</u>	<u>5,795,146</u>
At 1 January 2013	79,956	95,738	1,350	1,800	1,321,935	5,489	4,016	3,482,983	27,985	5,021,252
Profit for the period	—	—	—	—	—	—	—	228,206	—	228,206
Other comprehensive income/(loss) for the period	—	—	—	—	—	(18,339)	91	—	—	(18,248)
Total comprehensive income/(loss) for the period	—	—	—	—	—	(18,339)	91	228,206	—	209,958
2012 final dividend declared and paid	—	—	—	—	—	—	—	—	(27,985)	(27,985)
At 30 June 2013	<u>79,956</u>	<u>95,738</u>	<u>1,350</u>	<u>1,800</u>	<u>1,321,935</u>	<u>(12,850)</u>	<u>4,107</u>	<u>3,711,189</u>	<u>—</u>	<u>5,203,225</u>

* These reserve accounts comprise the consolidated reserves of HK\$5,715,190,000 (31 December 2013: HK\$5,467,199,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES	76,582	71,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from an associate	18,631	18,631
Renovation of investment properties	(1,620)	(1,566)
Proceeds from disposal of an investment property	3,994	—
Other cash flows arising from investing activities	1,351	413
Net cash flows from investing activities	22,356	17,478
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	(21,500)	(21,500)
Dividends paid	(27,985)	(27,985)
Net cash flows used in financing activities	(49,485)	(49,485)
Net increase in cash and cash equivalents	49,453	39,805
Cash and cash equivalents at 1 January	250,234	138,845
CASH AND CASH EQUIVALENTS AT 30 JUNE	299,687	178,650
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	10,978	14,721
Non-pledged time deposits with original maturity of less than three months when acquired	288,709	163,929
	299,687	178,650

Notes to Interim Financial Statements

30 June 2014

1 Basis of Preparation and Accounting Policies

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 to the Listing Rules. These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2013 and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA, except that the Group has in the current period applied, for the first time the following new and revised HKFRSs:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements.

The Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited interim condensed consolidated financial statements. However, the Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application, certain of which may be relevant to the Group’s operation and may result in changes in the Group’s accounting policies, and changes in presentation and measurement of certain items of the Group’s financial information.

Notes to Interim Financial Statements

30 June 2014

2 Operating Segment Information

For management purposes, the Group is organised into business units based on its business activities and has four reportable operating segments as follows:

- (a) The property investment segment invests in properties for rental income and potential capital appreciation;
- (b) The property trading segment comprises the trading of properties;
- (c) The property management and related services segment comprises the provision of property management and related technical consultancy services; and
- (d) The operation of driver training centres and tunnel operation and management segment refers to the Group's share of results of its associate which is engaged in the operation of and investment in driver training centres and tunnel operation and management.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss). The adjusted profit/(loss) is measured consistently with the Group's profit/(loss) except that finance costs and head office income tax expense/(credit) are excluded from this measurement.

Segment assets exclude other investments, cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude bank loans, head office tax payable and head office deferred tax liabilities as these liabilities are managed on a group basis.

Notes to Interim Financial Statements

30 June 2014

2 Operating Segment Information *(continued)*

	Unaudited				Consolidated
	Six months ended 30 June				
	Property investment	Property trading	Property management and related services	Operation of driver training centres and tunnel operation and management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2014					
Segment revenue	<u>99,822</u>	<u>—</u>	<u>4,560</u>	<u>—</u>	<u>104,382</u>
Segment results	162,035	—	4,085	—	166,120
Finance costs					(1,517)
Share of results of an associate	—	—	—	99,875	<u>99,875</u>
Profit before tax					264,478
Income tax expense	(12,156)	—	(426)	—	(12,582)
Unallocated income tax expense					<u>(295)</u>
Profit for the period					<u><u>251,601</u></u>

Notes to Interim Financial Statements

30 June 2014

2 Operating Segment Information *(continued)*

	Unaudited Six months ended 30 June				Consolidated HK\$'000
	Property investment HK\$'000	Property trading HK\$'000	Property and related services HK\$'000	Operation of driver training centres and tunnel operation and management HK\$'000	
2014					
Assets and liabilities					
Segment assets	3,892,388	—	87	—	3,892,475
Investment in an associate	—	—	—	1,862,989	1,862,989
Dividend receivable from an associate	—	—	—	9,315	9,315
Unallocated assets					<u>301,384</u>
Total assets					<u><u>6,066,163</u></u>
Segment liabilities	150,069	—	8,878	25	158,972
Unallocated liabilities					<u>112,045</u>
Total liabilities					<u><u>271,017</u></u>
Other segment information:					
Capital expenditure	1,629	—	22	—	1,651
Depreciation	193	—	4	—	197
Changes in fair value of investment properties	<u>78,380</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>78,380</u>

Notes to Interim Financial Statements

30 June 2014

2 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i>	Property trading <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Operation of driver training centres and tunnel operation and management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2013					
Six months ended 30 June (Unaudited)					
Segment revenue	<u>95,388</u>	<u>—</u>	<u>4,435</u>	<u>—</u>	<u>99,823</u>
Segment results	158,806	—	3,715	—	162,521
Finance costs					(1,807)
Share of results of an associate	—	—	—	80,110	<u>80,110</u>
Profit before tax					240,824
Income tax expense	(11,620)	—	(387)	—	(12,007)
Unallocated income tax expense					<u>(611)</u>
Profit for the period					<u><u>228,206</u></u>

Notes to Interim Financial Statements

30 June 2014

2 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i>	Property trading <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Operation of driver training centres and tunnel operation and management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2013					
At 31 December					
(Audited)					
Assets and liabilities					
Segment assets	3,817,507	—	447	—	3,817,954
Investment in an associate	—	—	—	1,794,672	1,794,672
Unallocated assets					251,931
Total assets					<u>5,864,557</u>
Segment liabilities	147,780	—	8,370	17	156,167
Unallocated liabilities					133,250
Total liabilities					<u>289,417</u>
Six months ended 30 June					
(Unaudited)					
Other segment information:					
Capital expenditure	1,589	—	—	—	1,589
Depreciation	186	—	3	—	189
Changes in fair value of investment properties	<u>77,134</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>77,134</u>

Notes to Interim Financial Statements

30 June 2014

2 Operating Segment Information *(continued)*

Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong	<u>104,382</u>	<u>99,823</u>

The revenue information above is based on the location of the customers.

(b) Non-current assets

	30 June	31 December
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	5,736,368	5,592,226
Mainland China	<u>11,400</u>	<u>11,401</u>
	<u>5,747,768</u>	<u>5,603,627</u>

The non-current assets information above is based on the location of assets and excludes financial instruments.

Information about a major customer

During the period ended 30 June 2014, revenue of approximately HK\$17,565,000 (2013: HK\$17,140,000) was derived from a single customer under the property investment segment.

3 Revenue

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income received and receivable from investment properties and the income from property management and related services.

Notes to Interim Financial Statements

30 June 2014

4 Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Depreciation	197	189
Staff costs (including executive directors' remuneration):		
Wages and salaries	7,568	7,022
Pension scheme contributions	300	233
	<u>7,868</u>	<u>7,255</u>
Interest expenses	792	1,082
Loss on disposal of an item of property, plant and equipment*	95	—
Foreign exchange differences, net*	961	(128)
Gain on disposal of an investment property*	(94)	—
Interest income	<u>(1,498)</u>	<u>(453)</u>

* These items are included in "Other income and other net losses" in the condensed consolidated statement of profit or loss.

5 Income Tax Expense

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Current – Hong Kong	10,908	10,537
Deferred	1,969	2,081
	<u>12,877</u>	<u>12,618</u>
Total tax charge for the period	<u>12,877</u>	<u>12,618</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

Notes to Interim Financial Statements

30 June 2014

6 Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amount for the period is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the periods ended 30 June 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

The calculation of basic and diluted earnings per share is based on:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Earnings</u>		
Profit for the period attributable to ordinary equity holders of the Company	<u>251,601</u>	<u>228,206</u>
	Number of shares	
	2014	2013
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<u>799,557,415</u>	<u>799,557,415</u>

7 Dividends

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2014 (2013: Nil).

Notes to Interim Financial Statements

30 June 2014

8 Property, Plant and Equipment

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
Net carrying amount at 1 January	1,155	1,311
Additions	31	222
Disposal/Write-off	(120)	(66)
Depreciation provided during the period/year	(197)	(378)
Write-back of depreciation	10	66
Net carrying amount at 30 June/31 December	<u>879</u>	<u>1,155</u>

9 Investment Properties

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
Carrying amount at 1 January	3,807,800	3,532,800
Additions	1,620	1,735
Disposal	(3,900)	—
Fair value adjustment	78,380	273,265
Carrying amount at 30 June/31 December	<u>3,883,900</u>	<u>3,807,800</u>

The revaluation of the above investment properties was carried out by Savills Valuation and Professional Services Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis at 30 June 2014 and 31 December 2013, respectively.

Notes to Interim Financial Statements

30 June 2014

10 Investment in an Associate

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
Share of net assets	1,627,740	1,559,423
Goodwill on acquisition	<u>235,249</u>	<u>235,249</u>
	<u><u>1,862,989</u></u>	<u><u>1,794,672</u></u>
Market value of listed equity securities	<u><u>988,971</u></u>	<u><u>984,313</u></u>

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation and operations	Percentage of ownership interest attributable to the Group	
			30 June 2014	31 December 2013
The Cross-Harbour (Holdings) Limited	Ordinary shares of HK\$1 each	Hong Kong	41.66%	41.66%

The Cross-Harbour (Holdings) Limited ("Cross-Harbour") is an investment holding company, incorporated and listed in Hong Kong, with its subsidiaries engaged in the operation of driver training centres and the business of tunnel operation and management in Hong Kong. This associate has been accounted for using the equity method in these financial statements.

Notes to Interim Financial Statements

30 June 2014

10 Investment in an Associate *(continued)*

Extracts of the consolidated operating results and consolidated financial position of the associate, Cross-Harbour, are as follows:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Operating results for the period:		
Turnover	167,106	121,490
Other revenue and other net loss	(21,502)	(32,019)
Total expenses	(109,257)	(91,989)
Share of profits less losses of associates	222,840	203,405
Share of profits of a joint venture	12,560	10,599
Income tax	(11,153)	(6,272)
Profit for the period	<u>260,594</u>	<u>205,214</u>
Profit attributable to shareholders of Cross-Harbour	<u>239,749</u>	<u>192,303</u>
	30 June	31 December
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Financial positions at 30 June/31 December:		
Non-current assets		
Interest in associates	2,083,962	2,227,405
Other non-current assets	680,607	670,217
	<u>2,764,569</u>	<u>2,897,622</u>
Current assets		
Bank deposits and cash	1,503,346	1,174,732
Other current assets	212,393	205,172
	<u>1,715,739</u>	<u>1,379,904</u>
Current liabilities	(240,193)	(225,143)
Non-current liabilities	(223,665)	(205,850)
Non-controlling interests	(109,236)	(103,318)
Net assets	<u>3,907,214</u>	<u>3,743,215</u>

Notes to Interim Financial Statements

30 June 2014

11 Trade Receivables

An aged analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
0 to 30 days	207	446
31 to 60 days	137	12
Over 60 days	53	—
	<u>397</u>	<u>458</u>

The trade receivables primarily include rental receivables and property management and related services receivables which are normally due on the first day of each month and within a 14-day period, respectively. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk.

12 Trade Payables

An aged analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
0 to 30 days	1,680	1,089
31 to 60 days	—	3
	<u>1,680</u>	<u>1,092</u>

The trade payables are normally non-interest-bearing within the 30-day period.

Notes to Interim Financial Statements

30 June 2014

13 Bank Loans, Secured

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	20,000	31,500
In the second year	20,000	20,000
In the third to fifth years, inclusive	60,000	60,000
Beyond five years	<u>11,600</u>	<u>21,600</u>
	111,600	133,100
Amounts classified under current liabilities	<u>(20,000)</u>	<u>(31,500)</u>
Amounts classified under non-current liabilities	<u><u>91,600</u></u>	<u><u>101,600</u></u>

The bank loans are variable interest rate loans with interest rates based on the HIBOR plus a predetermined spread percentage. Both the effective interest rates for the period ended 30 June 2014 and the year ended 31 December 2013 were 1.31% per annum.

The bank loans are denominated in Hong Kong dollars and secured by:

- (a) Mortgages on certain investment properties with an aggregate carrying value of HK\$3,860,000,000 (31 December 2013: HK\$3,780,000,000) and the assignment of rental income from certain properties. In addition, the Company has pledged all the issued shares of certain subsidiaries and subordinated its loans to certain subsidiaries in favour of the lenders of the above bank loans; and
- (b) corporate guarantees issued by the Company.

The carrying amounts of the Group's borrowings approximate to their fair values.

Notes to Interim Financial Statements

30 June 2014

14 Share Capital

Shares

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
Authorised:		
1,500,000,000 ordinary shares of HK\$0.1 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
799,557,415 ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

15 Operating Lease Arrangements

(a) As lessor

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
Within one year	188,043	178,599
In the second to fifth years, inclusive	<u>192,611</u>	<u>180,561</u>
	<u>380,654</u>	<u>359,160</u>

Notes to Interim Financial Statements

30 June 2014

15 Operating Lease Arrangements *(continued)*

(b) As lessee

At the end of the reporting period, the Group had total future minimum lease payables under non-cancellable operating leases falling due as follows:

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
Within one year	2,555	2,478
In the second to fifth years, inclusive	<u>2,658</u>	<u>3,885</u>
	<u><u>5,213</u></u>	<u><u>6,363</u></u>

16 Commitments

At the end of the reporting period, the Group had the capital commitments in respect of investment properties as follows:

	30 June 2014 <i>HK\$'000</i> (Unaudited)	31 December 2013 <i>HK\$'000</i> (Audited)
Contracted, but not provided for	562	—
Authorised, but not contracted for	<u>12,450</u>	<u>12,633</u>
	<u><u>13,012</u></u>	<u><u>12,633</u></u>

Notes to Interim Financial Statements

30 June 2014

17 Contingent Liabilities

The Company has executed guarantees totalling HK\$862,176,000 (31 December 2013: HK\$883,676,000) with respect to banking facilities made available to its subsidiaries, out of which HK\$111,600,000 were utilised as at 30 June 2014 (31 December 2013: HK\$133,100,000).

18 Related Party Transactions

- (a) Significant related party transactions, which were carried out in the normal course of the Group's business during the period, are as follows:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Administrative staff costs paid to a shareholder (<i>Note</i>)	<u>1,068</u>	<u>861</u>

Note: A subsidiary of the Company, Y. T. Group Management Limited, entered into an agreement with Yugang International Limited, a substantial shareholder of the Company, to share the cost of common administrative staff at a monthly charge, which is determined based on the actual cost of the staff.

- (b) Compensation of key management personnel of the Group:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Short term employee benefits	2,617	2,488
Post-employment benefits	<u>131</u>	<u>124</u>
Total compensation paid to key management personnel	<u>2,748</u>	<u>2,612</u>

Notes to Interim Financial Statements

30 June 2014

19 Fair Value and Fair Value Hierarchy of Financial Instruments

The fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in other receivables and deposits, financial liabilities included in other payables and current portion of bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the non-current portion of bank loans has been estimated by discounting the expected future cash flows using rates currently available with similar terms, credit risk and remaining maturities and the fair value of the non-current portion of bank loans approximates to its carrying amount.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
At 30 June 2014				
(Unaudited)				
Available-for-sale investments:				
Other investments	<u>1,697</u>	<u>—</u>	<u>—</u>	<u>1,697</u>
At 31 December 2013				
(Audited)				
Available-for-sale investments:				
Other investments	<u>1,697</u>	<u>—</u>	<u>—</u>	<u>1,697</u>

During the period/year, there were no transfers into or out of Level 1 fair value measurements.

20 Approval of the Interim Financial Statements

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 26 August 2014.