



渝太地產集團有限公司
Y. T. REALTY GROUP LIMITED

Stock Code : 75

2015
Interim Report

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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
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

3301-3307, China Resources Building
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 2015. 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 2015, and the consolidated statement of financial position of the Group as at 30 June 2015, 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 2015 amounted to HK\$314.3 million which was 24.9% higher than the results of the corresponding period of 2014. Earnings per share for the first six-month period of 2015 amounted to HK39.3 cents (2014: HK31.5 cents). Excluding the effect of property revaluation, the Group recorded a net profit increase of 15.4% when compared with the last corresponding period.

For the first half of 2015, the Group's revenue increased by 3.2% to HK\$107.7 million as compared to the last corresponding period. Rental income from investment properties amounted to HK\$102.8 million, up 3.0% from HK\$99.8 million. During the period under review, the Group's core properties recorded steady increase in overall rental rates.

The first half of 2015 witnessed great magnitude of market volatility in global economy. The Greek debt crisis caused wide spread of uncertainties in European markets which attributed largely to prolong weak Euro. Although the crisis is temporarily settled, major economic reforms in Greece and various European markets are still needed to be implemented in order to ensure longer term of stability.

The US market also experienced uneven expansion paths with different economic indicators shown mixed results. Worry of pending interest rate hike was a key factor for the economy to be in such doldrums.

As with China, the economic growth of around 7% was successfully defended but the downward pressure was mounting. Stock market went through sharp correction at end of second quarter and market confidence has yet to be fully restored despite strong administrative interference.

On the local front, it was inevitable to observe some ripples in our financial market caused by sharp correction of stock market in the Mainland. Thanks to strong labour market, buoyant development of property sectors and robust tourism, our local economy was maintained at stable condition.

Management Discussion and Analysis

Business Review *(continued)*

Amidst the financial turbulence and volatile market, the Group is pleased to report a stable interim result for 2015. Moderate increase was achieved for both overall rental revenue as well as rental rate whilst occupancy rate stood healthily at close to 97%. We ascribe such steady result to prestigious location of our properties, innovative and proactive marketing endeavors, as well as dedicated tenancy service by the well trained in-house management team to tenants. The Group's continual investment to upgrade and strengthen unique branding for our properties cushioned well against volatility of market.

The Group's investment property portfolio was independently valued at the end of the period resulting in a revaluation surplus of HK\$115.1 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\$131.3 million (2014: HK\$99.9 million), increased by 31.5% 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

In the second half of 2015, the Group expects uncertainty and volatility will continue to cloud the market. Impending interest rate hike by US Federal Reserve, weak Euro and falling petroleum and bullion price will pose threats to market confidence and slacken economic growth. Recent unstable financial and stock market in the Mainland coupled with declining overall retail sales add worries that it will need a longer than expected period for a sustainable economy to be fully developed for the global markets.

Despite all these challenges, there are not without opportunities. Central Government in the Mainland has recently mapped out the Silk Road Economic Belt and 21st Century Maritime Silk Road to boost ties and economic co-operation with many neighboring countries. Hong Kong being in the forefront of the Mainland's economic development in the past decades is positioned well for these enormous new trading and commerce opportunities. On the financial development side, Hong Kong is the largest off-shore Renminbi clearing centre. With the impending opening of cross-border investment between Hong Kong and Shenzhen stock markets, in addition to Shanghai, Hong Kong's international financial centre position which is one of our key economic pillars will further be strengthened. On the property side, with the exception of retail sector, the entire market is likely to continue its buoyant state in the coming year. Growth of visitors from the Mainland may slow down but the gap is likely to be filled by tourists from other Asian and Western nations as the recent trend of this tourism development has been quite encouraging.

Management Discussion and Analysis

Prospects *(continued)*

In anticipation of challenging economic and political environment in the road ahead, the Group will adopt a cautious approach in managing its core asset of property investment in Hong Kong and will place extra resources and efforts towards marketing and promotion in order to assist and augment loyalty of our tenants. In addition, the Group will continue to look for investment opportunities in well-developed overseas property markets. Maintaining a solid financial position for the Group is our prime objective to weather against the volatility and uncertainty of the road ahead.

Financing and Liquidity

The Group's financial expenses for the period amounted to HK\$1.4 million, decreased by 9.8% from HK\$1.5 million when compared to the same period last year as the Group's bank borrowings was reduced during the period.

As at 30 June 2015, the total bank borrowings was HK\$91.6 million, decreased from HK\$101.6 million at end of 2014. Certain investment properties with aggregate carrying value of HK\$4,050.0 million (31 December 2014: HK\$3,935.0 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 2015:

Within one year	21.8%
In the second year	21.8%
In the third to fifth years, inclusive	56.4%
	<u>100.0%</u>

As at 30 June 2015, the Group's cash and cash equivalents was HK\$321.0 million. As the Group had net cash and cash equivalents of HK\$229.4 million (31 December 2014: HK\$279.1 million), that represented zero gearing (31 December 2014: 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 2015, the Company has executed guarantees totaling HK\$842.2 million (31 December 2014: HK\$852.2 million) with respect to banking facilities made available to its subsidiaries, out of which HK\$91.6 million were utilised (31 December 2014: HK\$101.6 million).

The Group has contingent liabilities in respect of a guarantee provided by the Company for an amount not exceeding HK\$249.9 million (31 December 2014: Nil) in respect of the banking facilities made available to its joint venture, out of which HK\$248.1 million was utilised as at 30 June 2015 (31 December 2014: Nil).

Staff

As at 30 June 2015, 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 board depending upon the financial performance of the Group.

Interim Dividend

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: 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 2015, the following interests of certain directors in the shares of the Company and/or an 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 2015, 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

As at 1 January 2015, the Company had no share option scheme except the share option scheme adopted by the Company on 29 April 2005 (the "2005 Share Option Scheme"). The 2005 Share Option Scheme expired on 29 April 2015 and a new share option scheme (the "2015 Share Option Scheme") was adopted by the Company on 21 May 2015. The 2015 Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Main Board Listing Rules and is valid for a period of 10 years commencing from its adoption date. A summary of the principal terms of the 2015 Share Option Scheme is given in the circular to shareholders dated 17 April 2015.

During the period, no option lapsed and no option was granted, exercised or cancelled under the 2005 Share Option Scheme and the 2015 Share Option Scheme. Nor were there any outstanding options with regard to the 2005 Share Option Scheme and the 2015 Share Option Scheme at the beginning and/or at the end of the period.

Disclosure of Interests

Interests and Short Positions of Shareholders

As at 30 June 2015, 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	34.14%
Chongqing Industrial	Interest of controlled corporation	273,000,000	34.14%
Yugang International	Interest of controlled corporation	273,000,000	34.14%
Yugang BVI	Interest of controlled corporation	273,000,000	34.14%
Funrise	Beneficial owner	273,000,000	34.14%

Note: Each parcel of 273,000,000 shares represents a long position and 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.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2015, 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

Mr. Lee Ka Sze, Carmelo ("Mr. Lee") resigned as an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. with effect from 30 June 2015.

Mr. Lee ceased to be the chairman of the Listing Committee of The Stock Exchange of Hong Kong Limited with effect from 10 July 2015.

Mr. Wong Yat Fai ("Mr. Wong") resigned as an independent non-executive director, a member and the chairman of the remuneration committee, and a member of the nomination committee, of Mission Capital Holdings Limited with effect from 30 July 2015.

Mr. Wong resigned as an executive director and a member of the nomination committee of China Jinhai International Group Limited ("China Jinhai"), and ceased to be an authorised representative and agent to accept service of process and notices on behalf of China Jinhai in Hong Kong, with effect from 1 August 2015.

Other information regarding Mr. Lee and Mr. Wong are set out in the 2014 annual report of the Company.

Apart from the foregoing, 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, 27 August 2015

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	<i>Notes</i>	Unaudited	
		Six months ended 30 June	
		2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	<i>2, 3</i>	107,728	104,382
Direct outgoings		<u>(3,271)</u>	<u>(3,004)</u>
		104,457	101,378
Other income and other net losses		3,046	721
Administrative expenses		(15,475)	(14,359)
Finance costs		(1,369)	(1,517)
Changes in fair value of investment properties		115,056	78,380
Share of results of an associate		131,324	99,875
Share of results of a joint venture		<u>(8,986)</u>	<u>—</u>
PROFIT BEFORE TAX	<i>4</i>	328,053	264,478
Income tax expense	<i>5</i>	<u>(13,797)</u>	<u>(12,877)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>314,256</u>	<u>251,601</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	<i>6</i>	<u>HK39.3 cents</u>	<u>HK31.5 cents</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	314,256	251,601
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive income/(loss) of an associate	64,057	(3,610)
Share of other comprehensive income of a joint venture	2,112	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	66,169	(3,610)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	380,425	247,991

Condensed Consolidated Statement of Financial Position

30 June 2015

	<i>Notes</i>	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	522	691
Investment properties	9	4,077,000	3,959,200
Investment in an associate	10	2,116,821	1,954,043
Investment in a joint venture		113,126	—
Other investments		1,627	1,627
Total non-current assets		<u>6,309,096</u>	<u>5,915,561</u>
CURRENT ASSETS			
Trade receivables	11	530	766
Other receivables, deposits and prepayments		5,695	6,767
Dividend receivable from an associate		9,315	—
Cash and cash equivalents		321,008	380,717
Total current assets		<u>336,548</u>	<u>388,250</u>
CURRENT LIABILITIES			
Trade payables	12	952	601
Other payables and accrued expenses		68,486	83,241
Bank loans, secured	13	20,000	20,000
Tax payable		11,989	864
Total current liabilities		<u>101,427</u>	<u>104,706</u>
NET CURRENT ASSETS		<u>235,121</u>	<u>283,544</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,544,217</u>	<u>6,199,105</u>
NON-CURRENT LIABILITIES			
Bank loans, secured	13	71,600	81,600
Deferred tax liabilities		81,607	78,935
Total non-current liabilities		<u>153,207</u>	<u>160,535</u>
Net assets		<u>6,391,010</u>	<u>6,038,570</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	14	79,956	79,956
Reserves		6,311,054	5,930,629
Proposed final dividend		—	27,985
Total equity		<u>6,391,010</u>	<u>6,038,570</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 - 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 2015	79,956	95,738	1,350	1,800	1,321,935	11,876	3,933	4,493,997	27,985	6,038,570
Profit for the period	—	—	—	—	—	—	—	314,256	—	314,256
Other comprehensive income for the period	—	—	—	—	—	64,057	2,112	—	—	66,169
Total comprehensive income/(loss) for the period	—	—	—	—	—	64,057	2,112	314,256	—	380,425
2014 final dividend declared and paid	—	—	—	—	—	—	—	—	(27,985)	(27,985)
At 30 June 2015	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>1,321,935*</u>	<u>75,933*</u>	<u>6,045*</u>	<u>4,808,253*</u>	—	<u>6,391,010</u>
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>5,795,146</u>

* These reserve accounts comprise the consolidated reserves of HK\$6,311,054,000 (31 December 2014: HK\$5,930,629,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES	76,339	76,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from an associate	23,288	18,631
Investment in a joint venture	(120,000)	—
Renovation of investment properties	(2,744)	(1,620)
Proceeds from disposal of an investment property	—	3,994
Other cash flows arising from investing activities	1,393	1,351
Net cash flows (used in)/from investing activities	(98,063)	22,356
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	(10,000)	(21,500)
Dividends paid	(27,985)	(27,985)
Net cash flows used in financing activities	(37,985)	(49,485)
Net (decrease)/increase in cash and cash equivalents	(59,709)	49,453
Cash and cash equivalents at 1 January	380,717	250,234
CASH AND CASH EQUIVALENTS AT 30 JUNE	321,008	299,687
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	15,864	10,978
Non-pledged time deposits with original maturity of less than three months when acquired	305,144	288,709
	321,008	299,687

Notes to Interim Financial Statements

30 June 2015

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 2014.

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 2014 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 amendments to HKFRSs:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

The adoption of the 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 2015

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 2015

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
2015					
Segment revenue	<u>102,796</u>	<u>—</u>	<u>4,932</u>	<u>—</u>	<u>107,728</u>
Segment results	202,762	—	4,322	—	207,084
Finance costs					(1,369)
Share of results of an associate	—	—	—	131,324	131,324
Share of results of a joint venture	—	(8,986)	—	—	<u>(8,986)</u>
Profit before tax					328,053
Income tax expense	(13,207)	—	(456)	—	(13,663)
Unallocated income tax expense					<u>(134)</u>
Profit for the period					<u><u>314,256</u></u>

Notes to Interim Financial Statements

30 June 2015

2 Operating Segment Information *(continued)*

	Unaudited				Consolidated
	Six months ended 30 June				
	Property	Property	Property	Operation	
	investment	trading	and related	training centres	
			services	and tunnel	
				operation and	
				management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2015					
Assets and liabilities					
Segment assets	4,083,428	—	319	—	4,083,747
Investment in an associate	—	—	—	2,116,821	2,116,821
Investment in a joint venture	—	113,126	—	—	113,126
Dividend receivable					
from an associate	—	—	—	9,315	9,315
Unallocated assets					322,635
Total assets					<u>6,645,644</u>
Segment liabilities	154,466	—	8,607	25	163,098
Unallocated liabilities					91,536
Total liabilities					<u>254,634</u>
Other segment information:					
Capital expenditure	2,744	—	14	—	2,758
Depreciation	177	—	6	—	183
Changes in fair value of					
investment properties	<u>115,056</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>115,056</u>

Notes to Interim Financial Statements

30 June 2015

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>
2014					
Six months ended 30 June (Unaudited)					
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 2015

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>
2014					
At 31 December					
(Audited)					
Assets and liabilities					
Segment assets	3,967,123	—	301	—	3,967,424
Investment in an associate	—	—	—	1,954,043	1,954,043
Unallocated assets					<u>382,344</u>
Total assets					<u><u>6,303,811</u></u>
Segment liabilities	156,184	—	7,638	17	163,839
Unallocated liabilities					<u>101,402</u>
Total liabilities					<u><u>265,241</u></u>
Six months ended 30 June					
(Unaudited)					
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 2015

2 Operating Segment Information *(continued)*

Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Hong Kong	<u>107,728</u>	<u>104,382</u>

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

(b) Non-current assets

	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	6,180,343	5,902,534
United Kingdom	113,126	—
Mainland China	<u>14,000</u>	<u>11,400</u>
	<u>6,307,469</u>	<u>5,913,934</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 2015, revenue of approximately HK\$17,496,000 (2014: HK\$17,565,000) was derived from a single customer under the property investment segment.

3 Revenue

Revenue 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 2015

4 Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Depreciation	183	197
Staff costs (including executive directors' remuneration):		
Wages and salaries	8,358	7,568
Pension scheme contributions	261	300
	<u>8,619</u>	<u>7,868</u>
Interest expenses	652	792
Loss on disposal of an item of property, plant and equipment*	—	95
Gain on disposal of an investment property*	—	(94)
Foreign exchange differences, net*	(1,520)	961
Interest income	<u>(1,308)</u>	<u>(1,498)</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	
	2015	2014
	HK\$'000	HK\$'000
Current - Hong Kong	11,125	10,908
Deferred	2,672	1,969
	<u>13,797</u>	<u>12,877</u>
Total tax charge for the period	<u>13,797</u>	<u>12,877</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 2015

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 2015 and 2014 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	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Earnings</u>		
Profit for the period attributable to ordinary equity holders of the Company	<u>314,256</u>	<u>251,601</u>
	Number of shares	
	2015	2014
<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 2015 (2014: Nil).

Notes to Interim Financial Statements

30 June 2015

8 Property, Plant and Equipment

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Net carrying amount at 1 January	691	1,155
Additions	14	31
Disposal	—	(120)
Depreciation provided during the period/year	(183)	(385)
Write-back of depreciation	—	10
	<u>522</u>	<u>691</u>
Net carrying amount at 30 June/31 December	<u><u>522</u></u>	<u><u>691</u></u>

9 Investment Properties

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Carrying amount at 1 January	3,959,200	3,807,800
Additions	2,744	2,489
Disposal	—	(3,900)
Fair value adjustment	115,056	152,811
	<u>4,077,000</u>	<u>3,959,200</u>
Carrying amount at 30 June/31 December	<u><u>4,077,000</u></u>	<u><u>3,959,200</u></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 2015 and 31 December 2014, respectively.

Notes to Interim Financial Statements

30 June 2015

10 Investment in an Associate

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Share of net assets	1,881,572	1,718,794
Goodwill on acquisition	<u>235,249</u>	<u>235,249</u>
	<u><u>2,116,821</u></u>	<u><u>1,954,043</u></u>
Market value of listed equity securities	<u><u>1,558,754</u></u>	<u><u>1,150,435</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 2015	31 December 2014
The Cross-Harbour (Holdings) Limited	Ordinary shares	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 2015

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	
	2015	2014
	HK\$'000	HK\$'000
Operating results for the period:		
Revenue	185,938	167,106
Other revenue and other net gains/(losses)	20,002	(21,502)
Total expenses	(120,517)	(109,257)
Share of profits less losses of associates	242,290	222,840
Share of profits of a joint venture	14,672	12,560
Income tax	(4,575)	(11,153)
Profit for the period	<u>337,810</u>	<u>260,594</u>
Profit attributable to equity shareholders of Cross-Harbour	<u>315,242</u>	<u>239,749</u>
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Financial positions at 30 June/31 December:		
Non-current assets		
Interest in associates	1,837,780	1,985,945
Other non-current assets	940,679	752,681
	<u>2,778,459</u>	<u>2,738,626</u>
Current assets		
Bank deposits and cash	1,981,099	1,794,322
Other current assets	402,325	185,913
	<u>2,383,424</u>	<u>1,980,235</u>
Current liabilities	(274,664)	(254,605)
Non-current liabilities	(250,475)	(230,583)
Non-controlling interests	(120,212)	(107,889)
Total equity attributable to equity shareholders of Cross-Harbour	<u>4,516,532</u>	<u>4,125,784</u>

Notes to Interim Financial Statements

30 June 2015

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 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
0 to 30 days	367	699
31 to 60 days	53	61
Over 60 days	110	6
	<u>530</u>	<u>766</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 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
0 to 30 days	<u>952</u>	<u>601</u>

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

Notes to Interim Financial Statements

30 June 2015

13 Bank Loans, Secured

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	20,000	20,000
In the second year	20,000	20,000
In the third to fifth years, inclusive	51,600	60,000
Beyond five years	—	1,600
	<u>91,600</u>	<u>101,600</u>
Amounts classified under current liabilities	<u>(20,000)</u>	<u>(20,000)</u>
Amounts classified under non-current liabilities	<u><u>71,600</u></u>	<u><u>81,600</u></u>

The bank loans are variable interest rate loans with interest rates based on the HIBOR plus a predetermined spread percentage. The effective interest rates for the period ended 30 June 2015 and the year ended 31 December 2014 were 1.33% per annum and 1.31% per annum, respectively.

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\$4,050,000,000 (31 December 2014: HK\$3,935,000,000) 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.

Notes to Interim Financial Statements

30 June 2015

14 Share Capital

Shares

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <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 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Within one year	178,816	190,891
In the second to fifth years, inclusive	<u>261,736</u>	<u>148,271</u>
	<u>440,552</u>	<u>339,162</u>

Notes to Interim Financial Statements

30 June 2015

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 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Within one year	2,504	2,479
In the second to fifth years, inclusive	205	1,431
	<u>2,709</u>	<u>3,910</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 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Contracted, but not provided for	644	—
Authorised, but not contracted for	11,169	14,246
	<u>11,813</u>	<u>14,246</u>

Notes to Interim Financial Statements

30 June 2015

17 Contingent Liabilities

The Company has executed guarantees totaling HK\$842,176,000 (31 December 2014: HK\$852,176,000) with respect to banking facilities made available to its subsidiaries, out of which HK\$91,600,000 were utilised as at 30 June 2015 (31 December 2014: HK\$101,600,000).

The Group has contingent liabilities in respect of a guarantee provided by the Company for an amount not exceeding HK\$249,895,000 (31 December 2014: Nil) in respect of the banking facilities made available to its joint venture, out of which HK\$248,097,000 was utilised as at 30 June 2015 (31 December 2014: Nil).

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	
	2015	2014
	HK\$'000	HK\$'000
Administrative staff costs paid to a shareholder (<i>Note</i>)	<u>1,140</u>	<u>1,068</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	
	2015	2014
	HK\$'000	HK\$'000
Short term employee benefits	2,842	2,617
Post-employment benefits	<u>142</u>	<u>131</u>
Total compensation paid to key management personnel	<u>2,984</u>	<u>2,748</u>

Notes to Interim Financial Statements

30 June 2015

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 HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30 June 2015				
(Unaudited)				
Available-for-sale investments:				
Other investments	1,627	—	—	1,627
At 31 December 2014				
(Audited)				
Available-for-sale investments:				
Other investments	1,627	—	—	1,627

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 27 August 2015.