



渝太地產集團有限公司  
Y. T. REALTY GROUP LIMITED

Stock Code : 75

# 2017 INTERIM REPORT





**MIX**  
Paper from  
responsible sources  
**FSC™ C127090**

# Contents

	<i>Pages</i>
Corporate information	1
Management discussion and analysis	2
Disclosure of interests	5
Other information	7
Consolidated statement of profit or loss	9
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Consolidated statement of changes in equity	12
Condensed consolidated statement of cash flows	13
Notes to interim condensed consolidated financial statements	14



# Corporate Information

## Executive Director

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

## Independent Non-executive Director

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

## Audit Committee

Luk Yu King, James *(Chairman)*  
 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](http://www.ytrealtygroup.com.hk)  
 Email: [investors@ytrealtygroup.com.hk](mailto:investors@ytrealtygroup.com.hk)

## External Auditor

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 Solicitors

## 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

The board of directors is pleased to present the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2017.

## Business Review

In the first half of 2017, the global economy continued to experience great volatility and uncertainties. Geopolitical unrest and tension escalated to an alarming level, such as terrorist acts in Europe and Middle East, provocative missile tests by North Korea, and disputes in South China Sea. Last June, UK voted by referendum to leave the European Union and the implementation of Brexit further fueled uncertainty in the weak European markets.

The US market had shown unconvincing signs of economic recovery during the period. The incidents and development surrounding the newly elected US president had caused uncertainty for its economic recovery and global trade environment. In addition, the anticipated continuous upward movement of interest rates even though as slower than expected pace, coupled with the announced plan to reduce the size of its balance sheet by the US Federal Reserve would inevitably create negative impact on global economic recovery.

For Mainland China, the decline in economic growth had stabilised at an expected pace of just below 7%. However, confidence in stock market and the general economy for the first half of the year had yet been fully restored.

In Hong Kong, despite the uncertainties and volatility of the global market and lackluster economic performance in PRC, the stock market in Hong Kong enjoyed substantial increase during the period like the US and other major stock markets. The local property market appeared to perform slightly better than last year except for the retail sector as rental value of the prime retail areas had experienced substantial downward adjustments. It was inevitable as the retail segment of our local economy was affected by the weak spending of the Mainland tourists and increased popularity and acceptance of retail sales through e-commerce.

In the UK, the economy remained relatively stable despite the uncertainty and potential impact of implementation of Brexit continued to cloud its economic development in future years. The commercial property market in London, where the Group's major investment properties are located, was active with sales transactions of substantial scale during the period.

For the first half of 2017, the Group's revenue decreased by 53.5% to HK\$21.4 million as compared to HK\$46.1 million in the last corresponding period primarily due to the disposal of the two major Hong Kong investment properties during the first half of 2016. Rental income from investment properties amounted to HK\$21.4 million, down 51.7% from HK\$44.4 million. Despite the decrease in rental income as compared to the last corresponding period, the Group's investment properties in UK generated stable recurring rental income and achieved 100% occupancy rate.



# Management Discussion and Analysis

## Business Review *(continued)*

The Group's net profit attributable to shareholders for the first six months of 2017 amounted to HK\$31.6 million which was 81.3% lower than the results of the corresponding period of 2016. Earnings per share for the first six-month period of 2017 amounted to HK4.0 cents (2016: HK21.1 cents). The substantial decrease in profit was mainly attributable to the gain on disposal of the Group's subsidiaries holding the two major Hong Kong investment properties and related property service companies in the first half of 2016 and that the Group did not have profit contribution from its then associated company, The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), in the first half of 2017 after the completion of the Group's distribution in specie of the 155,254,432 Cross-Harbour shares as special dividend on 30 November 2016.

The Group's investment property portfolio was independently valued at the end of the period resulting in revaluation surplus of HK\$12.3 million as compared to revaluation deficit of HK\$5.9 million in the last corresponding period.

## Prospects

Going into the second half of 2017, the Group expects volatility and uncertainty will continue to affect the global economy. The impact of implementation of Brexit, gradual interest rate hike and the anticipated reduction of the size of the balance sheet by US Federal Reserve, and the unstable geopolitical environment will undoubtedly pose threats to global market confidence and weaken economic recovery.

In Hong Kong, the local economy will continue to be affected by economic development in Mainland China and the political development locally under the administration of the new Chief Executive who assumed responsibility on 1 July 2017. It is expected that economic recovery and local property market will be weak due to factors like interest rate hikes and weak retail sales.

In UK, the economy will be affected by the uncertainty and impact of implementation of Brexit in the second half of the year. It is expected that the economy and property market in London will be relatively more resilient as compared to other parts of UK as London is still the most important business center of Europe and the preferred choice for property investment by global investors.

In anticipation of the uncertain economic environment and volatility in the market ahead, the Group will continue to adopt a cautious and proactive approach to managing its core investments and to look for sound and stable investment opportunities to produce sustainable returns for our shareholders.

## Liquidity and Financial Resources

As at 30 June 2017, the Group's cash and cash equivalents was HK\$389.2 million and the Group did not have any bank borrowings. The gearing ratio of the Group was zero (31 December 2016: zero). The gearing ratio, if any, is calculated as the ratio of net bank borrowings to shareholders' funds. With cash and recurring rental income, the Group has sufficient resources to meet the foreseeable funding needs for working capital and capital expenditure.

The Group's main source of rental income is denominated in British Pound Sterling which is subject to foreign exchange rate fluctuation.

## Contingent Liabilities

As at 30 June 2017, the Group had no contingent liabilities (31 December 2016: Nil).

## Staff

As at 30 June 2017, the Group employed 4 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, 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 2017 (2016: Nil).



## Disclosure of Interests

### Directors' and Chief Executive's Interests and Short Positions

The register kept by the Company under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows the following interests of directors in the shares of the Company as at 30 June 2017:

Name	Capacity	No. of shares <sup>2</sup>	Total no. of shares	% of shareholding
Cheung Chung Kiu	Interest of controlled corporation	273,000,000 <sup>1</sup>	273,000,000	34.14%
Ng Kwok Fu	Beneficial owner	50,000	90,000	0.01%
	Interest of spouse	<u>40,000</u>		

*Notes:*

- <sup>1</sup> 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"), and Yugang BVI in turn was a wholly owned subsidiary of Yugang International Limited ("Yugang International"). Yugang International was owned as to 0.57% by Mr. C.K. Cheung, as to 9.16% by Timmex Investment Limited (a company wholly owned by Mr. C.K. Cheung) and as to 34.33% by Chongqing Industrial Limited ("Chongqing Industrial"). Chongqing Industrial was owned as to 35% by Mr. C.K. Cheung, as to 30% by each of Prize Winner Limited ("Prize Winner") and Peking Palace Limited ("Peking Palace"), and as to 5% by Miraculous Services Limited ("Miraculous Services"). Mr. C.K. Cheung owned 50% of Prize Winner, with the remaining 50%, and the entire interests in Peking Palace and Miraculous Services, being held by Palin Holdings Limited ("Palin Holdings") (a company wholly owned by Mr. C.K. Cheung) as trustee for Palin Discretionary Trust, a family discretionary trust whose objects included Mr. C.K. Cheung and his family.
- <sup>2</sup> All of the interests disclosed above represent long positions.

Save as disclosed herein, as at 30 June 2017, no director or chief executive had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company 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.



## Share Options

The share option scheme adopted by the Company on 21 May 2015 (the “Scheme”) is the only share option scheme of the Company. A summary of the principal terms of the Scheme is given in the circular to shareholders dated 17 April 2015.

No option lapsed and no option was granted, exercised or cancelled under the Scheme during the six months ended 30 June 2017. Nor were there any outstanding options with regard to the Scheme and any other schemes of the Company at the beginning and/or at the end of the period.

## Other Persons’ Interests and Short Positions

As at 30 June 2017, 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 by the Company 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 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 2017, 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 by the Company under section 336 of the SFO, other than as disclosed on page 5.



## 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 for the deviations described below.

The Company has deviated from A.2.1 of the CG Code to the extent that the roles of chairman and chief executive are performed by Mr. Cheung Chung Kiu (“Mr. Cheung”). Having considered the existing structure and composition of the board and operations of the Company and its subsidiaries (the “Group”) in Hong Kong, the board believes that vesting the roles of both chairman and managing director in Mr. Cheung facilitates the effective implementation and execution of its business strategies by, and ensure a consistent leadership for, the Group. Further, a balance of power and authority between the board and management can be ensured by the operation of the board, whose members (including the three independent non-executive directors) are individuals of high calibre with ample experience, such that the interests of shareholders can be safeguarded. The Company will continue to review the structure and composition of the board from time to time to ensure that a balance of power and authority between the board and management is appropriately maintained for the Group.

The Company has no formal letters of appointment for directors 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, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company’s bye-laws, applicable laws and the Listing Rules. 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, risk management and financial reporting matters with management.

## Directors' Information

The Company has not been advised by its directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of 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

**Cheung Chung Kiu**

*Chairman and Managing Director*

Hong Kong, 25 August 2017



# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

	Notes	Unaudited	
		Six months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
<b>REVENUE</b>	2, 3	21,426	46,118
Direct outgoings		<u>(41)</u>	<u>(803)</u>
		21,385	45,315
Other income and other net losses		1,087	94,734
Administrative expenses		(4,285)	(9,902)
Changes in fair value of investment properties		12,270	(5,920)
Finance costs		—	(454)
Share of results of an associate		—	51,296
Share of results of a joint venture		<u>—</u>	<u>756</u>
<b>PROFIT BEFORE TAX</b>	4	30,457	175,825
Income tax credit/(expense)	5	<u>1,127</u>	<u>(7,204)</u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<u>31,584</u>	<u>168,621</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	6	<u>HK4.0 cents</u>	<u>HK21.1 cents</u>

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	31,584	168,621
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	70,275	(24,275)
Share of other comprehensive loss of an associate	—	(74,231)
Share of other comprehensive loss of a joint venture	—	(14,117)
Release of exchange fluctuation reserve upon deemed disposal of a joint venture	—	18,690
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	70,275	(93,933)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	101,859	74,688



# Consolidated Statement of Financial Position

30 June 2017

	<i>Notes</i>	30 June 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	195	95
Investment properties	8, 9	1,173,015	1,093,054
Other investments		18,330	1,570
Total non-current assets		<u>1,191,540</u>	<u>1,094,719</u>
<b>CURRENT ASSETS</b>			
Trade receivables	10	6,912	1,427
Other receivables, deposits and prepayments		1,310	879
Cash and cash equivalents		389,232	390,399
Total current assets		<u>397,454</u>	<u>392,705</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	587	79
Other payables and accrued expenses		22,792	22,042
Tax payables		3,158	4,905
Total current liabilities		<u>26,537</u>	<u>27,026</u>
<b>NET CURRENT ASSETS</b>		<u>370,917</u>	<u>365,679</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,562,457</u>	<u>1,460,398</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		3,968	3,768
<b>Net assets</b>		<u>1,558,489</u>	<u>1,456,630</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued share capital	12	79,956	79,956
Reserves		1,478,533	1,376,674
<b>Total equity</b>		<u>1,558,489</u>	<u>1,456,630</u>

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017 - Unaudited

	Attributable to equity holders of the Company										
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve of an associate HK\$'000	Exchange fluctuation reserve of a joint venture HK\$'000	Exchange fluctuation reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2017	79,956	95,738	1,350	1,800	4,767	—	—	(108,920)	830	1,381,109	1,456,630
Profit for the period	—	—	—	—	—	—	—	—	—	31,584	31,584
Other comprehensive income for the period	—	—	—	—	—	—	—	70,275	—	—	70,275
Total comprehensive income for the period	—	—	—	—	—	—	—	70,275	—	31,584	101,859
At 30 June 2017	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>4,767*</u>	<u>—</u>	<u>—</u>	<u>(38,645)*</u>	<u>830*</u>	<u>1,412,693*</u>	<u>1,558,489</u>
At 1 January 2016	79,956	95,738	1,350	1,800	1,321,935	87,381	(4,573)	—	4,083	5,028,349	6,616,019
Profit for the period	—	—	—	—	—	—	—	—	—	168,621	168,621
Other comprehensive income/(loss) for the period	—	—	—	—	—	(74,231)	4,573	(24,275)	—	—	(93,933)
Total comprehensive income/(loss) for the period	—	—	—	—	—	(74,231)	4,573	(24,275)	—	168,621	74,688
Special cash dividend declared and paid	—	—	—	—	—	—	—	—	—	(3,038,318)	(3,038,318)
At 30 June 2016	<u>79,956</u>	<u>95,738</u>	<u>1,350</u>	<u>1,800</u>	<u>1,321,935</u>	<u>13,150</u>	<u>—</u>	<u>(24,275)</u>	<u>4,083</u>	<u>2,158,652</u>	<u>3,652,389</u>

\* These reserve accounts comprise the consolidated reserves of HK\$1,478,533,000 (31 December 2016: HK\$1,376,674,000) in the consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Unaudited	
	Six months ended 30 June	
Notes	2017	2016
	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>12,448</b>	<b>13,448</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from an associate	—	26,393
Proceeds from disposal of an item of property, plant and equipment	9	1,170
Purchase of other investment	(16,760)	—
Acquisition of subsidiaries	14	(567,317)
Proceeds from disposal of subsidiaries	15	4,018,040
Other cash flows arising from investing activities	326	1,176
<b>Net cash flows (used in)/from investing activities</b>	<b>(16,425)</b>	<b>3,479,462</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank loans	—	(81,600)
Dividends paid	—	(3,038,318)
<b>Net cash flows used in financing activities</b>	<b>—</b>	<b>(3,119,918)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,977)</b>	<b>372,992</b>
Cash and cash equivalents at 1 January	390,399	417,138
Effect on foreign exchange rate changes, net	2,810	(603)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>389,232</b>	<b>789,527</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	139,232	669,027
Non-pledged time deposits with original maturity of less than three months when acquired	250,000	120,500
	<b>389,232</b>	<b>789,527</b>



## 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 2016.

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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the following new amendments to HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in Annual Improvements 2014-2016 Cycle	<i>Disclosure of Interest in Other Entities</i>

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 Condensed Consolidated Financial Statements

30 June 2017

## 2 Operating Segment Information

For management purposes, the Group is organised into business units based on its business activities and has three reportable operating segments during the first six months of 2017 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; and
- (c) The property management and related services segment comprises the provision of property management and related technical consultancy services.

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 and cash and cash equivalents as these assets are managed on a group basis.

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

## 2 Operating Segment Information *(continued)*

	Unaudited			Consolidated HK\$'000
	Six months ended 30 June			
	Property investment HK\$'000	Property trading HK\$'000	Property management and related services HK\$'000	
<b>2017</b>				
Segment revenue	21,426	—	—	21,426
Segment results	30,457	—	—	30,457
Profit before tax				30,457
Income tax credit	1,127	—	—	1,127
Profit for the period				31,584
<b>Assets and liabilities</b>				
Segment assets	1,181,432	—	—	1,181,432
Unallocated assets				407,562
Total assets				1,588,994
Segment liabilities	23,379	—	—	23,379
Unallocated liabilities				7,126
Total liabilities				30,505
<b>Other segment information:</b>				
Capital expenditure	126	—	—	126
Depreciation	17	—	—	17
Changes in fair value of investment properties (surplus)	12,270	—	—	12,270



## Notes to Interim Condensed Consolidated Financial Statements

30 June 2017

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>
2016					
Six months ended 30 June (Unaudited)					
<b>Segment revenue</b>	<u>44,354</u>	<u>—</u>	<u>1,764</u>	<u>—</u>	<u>46,118</u>
<b>Segment results</b>	122,652	—	1,575	—	124,227
Finance costs					(454)
Share of results of an associate	—	—	—	51,296	51,296
Share of results of a joint venture	—	756	—	—	<u>756</u>
Profit before tax					175,825
Income tax expense	(6,962)	—	(163)	—	(7,125)
Unallocated income tax expense					<u>(79)</u>
Profit for the period					<u><u>168,621</u></u>

## 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>
2016					
At 31 December					
(Audited)					
<b>Assets and liabilities</b>					
Segment assets	1,095,455	—	—	—	1,095,455
Unallocated assets					<u>391,969</u>
Total assets					<u><u>1,487,424</u></u>
Segment liabilities	23,246	—	—	—	23,246
Unallocated liabilities					<u>7,548</u>
Total liabilities					<u><u>30,794</u></u>
Six months ended 30 June					
(Unaudited)					
<b>Other segment information:</b>					
Capital expenditure	36	—	—	—	36
Depreciation	67	—	1	—	68
Changes in fair value of investment properties (deficit)	<u>5,920</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,920</u>

\* This segment represented the results generated from Cross-Harbour which ceased to be an associate of the Company with effect from 30 November 2016.



# Notes to Interim Condensed Consolidated Financial Statements

30 June 2017

## 2 Operating Segment Information *(continued)*

### Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
United Kingdom	21,306	8,233
Hong Kong	120	37,885
	<u>21,426</u>	<u>46,118</u>

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

(b) Non-current assets

	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
United Kingdom	1,137,815	1,058,654
Hong Kong	13,195	13,095
Mainland China	22,200	21,400
	<u>1,173,210</u>	<u>1,093,149</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 2017, revenue of HK\$10,482,000 (2016: HK\$5,825,000) 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.

## 4 Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Depreciation	17	68
Staff costs (including executive directors' remuneration):		
Wages and salaries	916	5,630
Pension scheme contributions	33	139
	<u>949</u>	<u>5,769</u>
Interest expenses	—	161
Loss on deemed disposal of a joint venture*	—	7,436
Foreign exchange differences, net*	(629)	(487)
Gain on disposal of subsidiaries*	—	(100,510)
Interest income	<u>(457)</u>	<u>(1,149)</u>

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

## 5 Income Tax Credit/Expense

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Current - United Kingdom	1,491	1,358
Current - Hong Kong	—	4,087
Over-provision in the prior year - United Kingdom	(2,316)	—
Over-provision in the prior year - Hong Kong	(502)	—
	<u>(1,327)</u>	<u>5,445</u>
Deferred	200	1,759
Total tax (credit)/charge for the period	<u>(1,127)</u>	<u>7,204</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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 Condensed Consolidated Financial Statements

30 June 2017

## 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.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2017 and 2016.

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

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit for the period attributable to ordinary equity holders of the Company	<u>31,584</u>	<u>168,621</u>
	Number of shares	
	Six months ended 30 June	
	2017	2016
<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 2017 (2016: Nil).

During the period ended 30 June 2016, a special cash dividend in the amount of HK\$3.8 per share was declared and paid to the shareholders, totalling HK\$3,038.3 million.



## 8 Movements in Property, Plant and Equipment and Investment Properties

	Unaudited	
	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>
<b>At 30 June 2017</b>		
Net carrying amount at beginning of reporting period	95	1,093,054
Additions	126	—
Disposal/write-off	(22)	—
Depreciation provided during the period	(17)	—
Write-back of depreciation	13	—
Fair value adjustment	—	12,270
Exchange realignment	—	67,691
Net carrying amount at end of reporting period	<u>195</u>	<u>1,173,015</u>
<b>At 30 June 2016</b>		
Net carrying amount at beginning of reporting period	1,342	4,099,900
Additions	36	—
Disposal/write-off	(1,324)	—
Depreciation provided during the period	(68)	—
Write-back of depreciation	154	—
Disposal of subsidiaries ( <i>note 15</i> )	(21)	(4,070,000)
Acquisition of subsidiaries ( <i>note 14</i> )	—	680,148
Fair value adjustment	—	(5,920)
Exchange realignment	—	(23,688)
Net carrying amount at end of reporting period	<u>119</u>	<u>680,440</u>

## 9 Investment Properties

The revaluation of the Group's investment properties was carried out by Savills Valuation and Professional Services Limited and John D Wood, independent firms of professionally qualified valuers, on an open market, existing use basis at the end of the reporting periods.



# Notes to Interim Condensed Consolidated Financial Statements

30 June 2017

## 10 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 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <i>HK\$'000</i> (Audited)
0 to 30 days	<u>6,912</u>	<u>1,427</u>

The trade receivables primarily include rental receivables which are normally due on the first day of the billing period. 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.

## 11 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 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <i>HK\$'000</i> (Audited)
0 to 30 days	291	79
Over 60 days	<u>296</u>	<u>—</u>
	<u>587</u>	<u>79</u>

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

## 12 Share Capital

### Shares

	30 June 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <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 each HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

## 13 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 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <i>HK\$'000</i> (Audited)
Within one year	43,793	41,384
In the second to fifth years, inclusive	134,296	165,417
Beyond five years	<u>530,198</u>	<u>485,577</u>
	<u>708,287</u>	<u>692,378</u>

### (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 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <i>HK\$'000</i> (Audited)
Within one year	791	791
In the second to fifth years, inclusive	<u>858</u>	<u>1,253</u>
	<u>1,649</u>	<u>2,044</u>

# Notes to Interim Condensed Consolidated Financial Statements

30 June 2017

## 14 Business Combination

On 29 February 2016, the Group acquired 50% interest in Solent Ventures Limited (“Solent Ventures”). After the completion of the acquisition, Solent Ventures and its subsidiaries (the “Solent Ventures’s group”) become wholly-owned subsidiaries of the Group. Solent Ventures is an investment holding company incorporated in the British Virgin Islands, with its subsidiaries engaged in investment in the properties in the United Kingdom. The purchase consideration of HK\$9.9 million for the acquisition was in the form of cash and was fully paid after completion.

The fair values of the identifiable assets and liabilities of Solent Ventures’s group as at the date of acquisition were as follows:

	Unaudited Six months ended 30 June 2016 HK\$'000
Investment properties ( <i>note 9</i> )	680,148
Prepayments, deposit and other receivables	63
Cash and bank balances	9,435
Other payables and accruals	(7,647)
Shareholders’ loan	<u>(686,884)</u>
Total identifiable net liabilities at fair value	(4,885)
Goodwill on acquisition	<u>12,311</u>
	<u>7,426</u>
Satisfied by:	
Cash	9,868
Reclassification from a pre-existing interest in a joint venture to investment in subsidiaries	<u>(2,442)</u>
	<u>7,426</u>

## 14 Business Combination *(continued)*

An analysis of the cash flows in respect of the acquisition of Solent Ventures was as follows:

	Unaudited Six months ended 30 June 2016 HK\$'000
Cash consideration	(9,868)
Cash and bank balances acquired	9,435
Shareholders' loans to Solent Ventures	<u>(566,884)</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>(567,317)</u></u>

*Notes:*

- (a) Since the acquisition, Solent Ventures's group contributed HK\$8,233,000 to the Group's revenue and HK\$6,851,000 to the operating profit for the period ended 30 June 2016.
- (b) Had the combination taken place at the beginning of the period ended 30 June 2016, the revenue and profit from continuing operations of the Solent Ventures's group for the period ended 30 June 2016 would have been HK\$12,423,000 and HK\$8,364,000, respectively.



## Notes to Interim Condensed Consolidated Financial Statements

30 June 2017

## 15 Disposal of Subsidiaries

	Unaudited Six months ended 30 June 2016 <i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment ( <i>note 8</i> )	21
Investment properties ( <i>note 9</i> )	4,070,000
Trade receivable	598
Prepayments, deposit and other receivables	9,187
Cash and bank balances	191
Other payables and accruals	(74,327)
Shareholders' loan	(556,574)
Tax payable	(5,568)
Deferred tax liabilities	(82,381)
	<u>3,361,147</u>
Gain on disposal of subsidiaries ( <i>note 4</i> )	<u>100,510</u>
	<u><u>3,461,657</u></u>
Satisfied by:	
Cash	<u><u>3,461,657</u></u>

## 15 Disposal of Subsidiaries *(continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries was as follows:

	Unaudited Six months ended 30 June 2016 <i>HK\$'000</i>
Cash consideration	3,461,657
Cash and bank balances disposed of	(191)
Settlement of shareholders' loan	<u>556,574</u>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u><u>4,018,040</u></u>

## 16 Related Party Transactions

(a) Compensation of key management personnel of the Group:

	Unaudited Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	270	2,638
Post-employment benefits	<u>9</u>	<u>56</u>
Total compensation paid to key management personnel	<u><u>279</u></u>	<u><u>2,694</u></u>

(b) During the period ended 30 June 2016, the Group disposed of its entire interest in its indirect wholly-owned subsidiaries, Y. T. Properties International Limited and Y. T. Property Services Limited (collectively, the "Disposal Group") and the shareholders' loan owing from the Disposal Group to Access Power Group Limited, a company wholly owned by Mr. Cheung Chung Kiu, the chairman and an executive director of the Company, for a cash consideration of HK\$4,018.2 million (the "Disposal"). The Disposal was completed on 29 February 2016. Further details of the transaction are included in note 15.



# Notes to Interim Condensed Consolidated Financial Statements

30 June 2017

## 17 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 approximate to their carrying amounts largely due to the short term maturities of these instruments.

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	
<b>At 30 June 2017</b>				
<b>(Unaudited)</b>				
Available-for-sale investments:				
Other investments	<u>18,330</u>	<u>—</u>	<u>—</u>	<u>18,330</u>
<b>At 31 December 2016</b>				
<b>(Audited)</b>				
Available-for-sale investments:				
Other investments	<u>1,570</u>	<u>—</u>	<u>—</u>	<u>1,570</u>

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

## 18 Approval of the Interim Financial Statements

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 25 August 2017.