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

(Incorporated in Bermuda with limited liability)
(Stock Code: 75)

2016 Interim Results Announcement

The board of directors of Y. T. Realty Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016. The interim results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Unaudited	
		Six months ended 30 June	
	<i>Notes</i>	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	2, 3	46,118	107,728
Direct outgoings		<u>(803)</u>	<u>(3,271)</u>
		45,315	104,457
Other income and other net losses		94,734	3,046
Administrative expenses		(9,902)	(15,475)
Finance costs		(454)	(1,369)
Changes in fair value of investment properties		(5,920)	115,056
Share of results of an associate		51,296	131,324
Share of results of a joint venture		<u>756</u>	<u>(8,986)</u>
PROFIT BEFORE TAX	4	175,825	328,053
Income tax expense	5	<u>(7,204)</u>	<u>(13,797)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>168,621</u>	<u>314,256</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	6	<u>HK21.1 cents</u>	<u>HK39.3 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	168,621	314,256
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive (loss)/income of an associate	(74,231)	64,057
Release of exchange fluctuation reserve upon deemed disposal of a joint venture	18,690	-
Exchange differences on translation of foreign operations	(24,275)	-
Share of other comprehensive (loss)/income of a joint venture	(14,117)	2,112
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(93,933)	66,169
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	74,688	380,425

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	<i>Notes</i>	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		119	1,342
Investment properties		680,440	4,099,900
Investment in an associate		2,177,871	2,236,514
Investment in a joint venture		-	119,665
Goodwill		12,311	-
Other investments		1,777	1,777
Total non-current assets		<u>2,872,518</u>	<u>6,459,198</u>
CURRENT ASSETS			
Trade receivables	8	194	605
Other receivables, deposits and prepayments		1,425	6,998
Dividend receivable from an associate		9,315	-
Cash and cash equivalents		789,527	417,138
Total current assets		<u>800,461</u>	<u>424,741</u>
CURRENT LIABILITIES			
Trade payables	9	2	735
Other payables and accrued expenses		16,132	100,368
Bank loans, secured		-	81,600
Tax payable		688	827
Total current liabilities		<u>16,822</u>	<u>183,530</u>
NET CURRENT ASSETS		<u>783,639</u>	<u>241,211</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,656,157</u>	<u>6,700,409</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,768	84,390
Total non-current liabilities		<u>3,768</u>	<u>84,390</u>
Net assets		<u>3,652,389</u>	<u>6,616,019</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		79,956	79,956
Reserves		3,572,433	6,536,063
Total equity		<u>3,652,389</u>	<u>6,616,019</u>

Notes:

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 Main Board Listing Rules (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 2015.

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 2015 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 HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operation
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Annual Improvements 2012-2014 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.

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.

2 Operating segment information (continued)

	Unaudited Six months ended 30 June				Consolidated HK\$'000
	Property investment HK\$'000	Property trading HK\$'000	Property management and related services HK\$'000	Operation of driver training centres and tunnel operation and management HK\$'000	
2016					
Segment revenue	44,354	-	1,764	-	46,118
Segment results	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	-	-	756
Profit before tax					175,825
Income tax expense	(6,962)	-	(163)	-	(7,125)
Unallocated income tax expense					(79)
Profit for the period					168,621
Assets and liabilities					
Segment assets	694,489	-	-	-	694,489
Investment in an associate	-	-	-	2,177,871	2,177,871
Dividend receivable from an associate	-	-	-	9,315	9,315
Unallocated assets					791,304
Total assets					3,672,979
Segment liabilities	17,218	-	-	41	17,259
Unallocated liabilities					3,331
Total liabilities					20,590
Other segment information:					
Capital expenditure	36	-	-	-	36
Depreciation	67	-	1	-	68
Changes in fair value of investment properties (deficit)	5,920	-	-	-	5,920

2 Operating segment information (continued)

	Property investment HK\$'000	Property trading HK\$'000	Property management and related services HK\$'000	Operation of driver training centres and tunnel operation and management HK\$'000	Consolidated HK\$'000
2015					
Six months ended 30 June (Unaudited)					
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)	-	-	(8,986)
Profit before tax					328,053
Income tax expense	(13,207)	-	(456)	-	(13,663)
Unallocated income tax expense					(134)
Profit for the period					<u>314,256</u>
At 31 December (Audited)					
Assets and liabilities					
Segment assets	4,108,469	-	376	-	4,108,845
Investment in an associate	-	-	-	2,236,514	2,236,514
Investment in a joint venture	-	119,665	-	-	119,665
Unallocated assets					418,915
Total assets					<u>6,883,939</u>
Segment liabilities	177,836	-	9,186	33	187,055
Unallocated liabilities					80,865
Total liabilities					<u>267,920</u>
Six months ended 30 June (Unaudited)					
Other segment information:					
Capital expenditure	2,744	-	14	-	2,758
Depreciation	177	-	6	-	183
Changes in fair value of investment properties (surplus)	<u>115,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,056</u>

2 Operating segment information *(continued)*

Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Hong Kong	37,885	107,728
United Kingdom	8,233	-
	46,118	107,728

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

(b) Non-current assets

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	2,190,990	6,320,856
United Kingdom	658,351	119,665
Mainland China	21,400	16,900
	2,870,741	6,457,421

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 2016, revenue of approximately HK\$5,825,000 (2015: HK\$17,496,000) 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	
	2016	2015
	HK\$'000	HK\$'000
Depreciation	68	183
Staff costs (including executive directors' remuneration):		
Wages and salaries	5,630	8,358
Pension scheme contributions	139	261
	<u>5,769</u>	<u>8,619</u>
Interest expenses	161	652
Loss on deemed disposal of a joint venture*	7,436	-
Foreign exchange differences, net*	(487)	(1,520)
Gain on disposal of subsidiaries*	(100,510)	-
Interest income	<u>(1,149)</u>	<u>(1,308)</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	
	2016	2015
	HK\$'000	HK\$'000
Current - Hong Kong	4,087	11,125
Current - United Kingdom	<u>1,358</u>	<u>-</u>
	5,445	11,125
Deferred	<u>1,759</u>	<u>2,672</u>
Total tax charge for the period	<u>7,204</u>	<u>13,797</u>

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

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 2016 and 2015 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	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Earnings</u>		
Profit for the period attributable to ordinary equity holders of the Company	168,621	314,256
	Number of shares	
	2016	2015
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	799,557,415	799,557,415

7 Dividends

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2016 (2015: Nil).

A special cash dividend in the amount of HK\$3.8 per share was declared on 28 January 2016 and paid to the shareholders on 4 March 2016, totalling HK\$3,038.3 million.

8 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 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0 to 30 days	61	605
31 to 60 days	111	-
Over 60 days	22	-
	194	605

The trade receivables primarily include rental receivables and property management and related services receivables which are normally due on the first day of each billing period 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.

9 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 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0 to 30 days	2	735

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the first half of 2016, market conditions continued to be difficult and we witnessed great market volatility and uncertainties in global economy. Geopolitical risks continued, such as violent incidents in Europe and Middle East and disputes in South China Sea. In June, UK voted by referendum to leave the European Union and its result further fueled uncertainty on the weak European markets and dampened its pace for long-term recovery and stability.

The US market experienced signs of slow economic recovery with mixed results. Despite interest rate was raised at the end of 2015, continuous upward movement of interest rates would only be expected at slow pace. However, worry of potential interest rate hike created inevitable negative impact on global economic stability to some extent.

For Mainland China, the pace of economic growth had slowed and was expected to be below 7%. Confidence in stock market and the general economy for the first half of the year had yet been restored.

Business Review *(continued)*

In Hong Kong, the property market continued to experience downward adjustments with the retail sector being the weakest performer. It was inevitable that the retail segment of our local economy was most impacted by the weak spending of the Mainland tourists due to devaluation of Renminbi against our local currency which exchange rate is pegged to US dollar as well as the ripple effects of the weak stock market in the Mainland.

In December 2015, the Group entered into a disposal agreement to dispose of the entire issued share capital of its then indirect wholly-owned subsidiaries, Y. T. Properties International Limited (“Y. T. Properties International”) and Y. T. Property Services Limited (“Y. T. Property Services”). Y. T. Properties International through its direct and indirect wholly-owned subsidiaries owned 100% interest of Century Square and Prestige Tower. Y. T. Property Services and its wholly-owned subsidiary were engaged mainly in property management and related services and primarily provided their services to Century Square and Prestige Tower. The transaction was completed on 29 February 2016.

In December 2015, the Group also entered into an acquisition agreement to acquire from its joint venture partner 50% of the issued share capital of Solent Ventures Limited which indirectly owned 100% of a prime commercial property, 1 Chapel Place in London, UK (the “London Property”). The acquisition enabled the Group to expand its overseas property portfolio by increasing its interest in the London Property from 50% to 100%. The transaction was completed on 29 February 2016. The rental income from 1 Chapel Place had been stable and the occupancy rate was 100% as at 30 June 2016.

For the first half of 2016, the Group’s revenue decreased by 57.2% to HK\$46.1 million as compared to HK\$107.7 million in the last corresponding period mainly due to the disposal of the two major Hong Kong investment properties. Rental income from investment properties amounted to HK\$44.4 million, down 56.9% from HK\$102.8 million.

The Group’s net profit attributable to shareholders for the first six months of 2016 amounted to HK\$168.6 million which was 46.3% lower than the results of the corresponding period of 2015. Earnings per share for the first six-month period of 2016 amounted to HK21.1 cents (2015: HK39.3 cents).

The Group’s investment property portfolio was independently valued at the end of the period resulting in revaluation deficit of HK\$5.9 million as compared to revaluation surplus of HK\$115.1 million in the last corresponding period.

The Group’s share of profit after taxation from the associated company, The Cross-Harbour (Holdings) Limited (“Cross-Harbour”), for the period was HK\$51.3 million (2015: HK\$131.3 million), decreased by 60.9% 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.

During the period under review, the Group has stepped up its efforts to look for investment opportunities in prime properties in established overseas market. On 18 July 2016, the Group entered into an agreement to acquire directly and indirectly the entire issued units in a property unit trust, Grove Property Unit Trust 4, which owns a prime hotel property in London, UK. The property is leased to Travelodge Hotels. The total purchase consideration is approximately GBP42.3 million (equivalent to approximately HK\$434.4 million). Completion took place on the same day immediately following the entering into of the agreement.

Prospects

In the second half of 2016, the Group expects uncertainty and volatility of the global economy will continue. The continuous impact of Brexit, pending gradual interest rate hike by US Federal Reserve, weak Euro and Pound Sterling, and the unstable geopolitical environment will pose threats to market confidence and dampen economic recovery. The local economy and the economic development on the Mainland will continue to be weak in the near future before sustainable recovery and growth can be achieved.

In anticipation of challenging and uncertain economic and political environment ahead, the Group will continue to adopt a cautious but proactive approach to look for sound and stable investment opportunities in well-developed overseas markets to produce sustainable returns for our shareholders.

To expand the Group's investment in overseas prime properties, the Group acquired the entire issued units in a property unit trust, which owns a prime hotel property in London, UK in July 2016. The acquisition increased the Group's overseas property portfolio in addition to the 1 Chapel Place property and will generate stable and long-term rental income for the Group.

Financing and Liquidity

The Group's financial expenses for the period amounted to HK\$0.5 million, decreased by 66.8% from HK\$1.4 million when compared to the same period last year as the Group's bank borrowings was fully paid off in February 2016.

As at 30 June 2016, the Group's cash and cash equivalents was HK\$789.5 million and the Group did not have any bank borrowings. The gearing ratio of the Group was zero (31 December 2015: 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.

Following the disposal of the Group's major investment properties in Hong Kong and the increased interest to 100% of the London Property on 29 February 2016, 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 2016, the Group did not have any material contingent liabilities. At 31 December 2015, the Group had contingent liabilities in respect of a guarantee provided by the Company for an amount not exceeding HK\$235.8 million in respect of the banking facilities made available to its joint venture, out of which HK\$232.0 million was utilised.

STAFF

As at 30 June 2016, 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 2016 (2015: Nil).

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 Listing Rules save for the deviations described below.

Mr. Cheung Chung Kiu (“Mr. Cheung”) is the chairman of the board, and has assumed the role of managing director since 29 February 2016 following the resignation of former managing director and executive director, Mr. Wong Chi Keung (“Mr. Wong”), on that date. As a result, the Company has deviated from A.2.1 of the CG Code to the extent that the roles of chairman and chief executive have both been performed by Mr. Cheung since 29 February 2016. However, in view of the structure and composition of the board and the reduced operations of the Group in Hong Kong after completion of the disposal of Prestige Tower and the shops and offices at Century Square in Hong Kong on 29 February 2016 (as disclosed in the announcement published by the Company on that date), the board considers that vesting the roles of both chairman and managing director in Mr. Cheung can facilitate 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 from time to time review the structure and composition of the board to ensure that a balance of power and authority between the board and management is appropriately maintained for the Group.

With the exception of Mr. Wong who resigned from office on 29 February 2016, no director has a formal letter of appointment setting out the key terms and conditions of his/her appointment. The Company 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.

On behalf of the board
Cheung Chung Kiu
Chairman and Managing Director

Hong Kong, 25 August 2016

As at the date hereof, the board of directors of the Company comprises Cheung Chung Kiu, Yuen Wing Shing and Tung Wai Lan, Iris who are executive directors; and Ng Kwok Fu, Luk Yu King, James and Leung Yu Ming, Steven who are independent non-executive directors.

** For identification purposes only*