渝 太 地 產 集 團 有 限 公 司*
Y. T. REALTY GROUP LIMITED

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

2020 Interim Results Announcement

The board of directors of Y. T. Realty Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2020. The interim results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Unaudited	
		Six months ended 30 June	
	Notes	**2020**	2019
		HK$'000	*HK$'000*
REVENUE	*2, 3*		
Rental income		**22,125**	22,908
Interest income		**2,758**	3,275
Total revenue		**24,883**	26,183
Direct outgoings		**(73)**	(345)
		24,810	25,838
Other income and gains		**1,430**	63
Other expenses and losses		**(13,784)**	(404)
Selling and marketing expenses		**(3,319)**	-
Administrative expenses		**(7,544)**	(4,647)
Finance costs	*4*	**(5,740)**	(55)
Changes in fair value of investment properties		**(41,992)**	15,281
(LOSS)/PROFIT BEFORE TAX	*5*	**(46,139)**	36,076
Income tax credit/(expense)	*6*	**2,467**	(1,666)
(LOSS)/PROFIT FOR THE PERIOD		**(43,672)**	34,410
Attributable to:			
Equity holders of the Company		**(43,190)**	34,410
Non-controlling interests		**(482)**	-
		(43,672)	34,410
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*7*	**HK(5.4) cents**	HK4.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	***HK$'000***
(LOSS)/PROFIT FOR THE PERIOD	**(43,672)**	34,410
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(78,488)**	(6,015)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(78,488)**	(6,015)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(122,160)**	28,395
Attributable to :		
Equity holders of the Company	**(122,176)**	28,395
Non-controlling interests	**16**	-
	(122,160)	28,395

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	**30 June 2020** *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**18,662**	2,838
Investment properties		**1,173,220**	1,299,417
Interests in land use rights for property development		**125,008**	-
Goodwill		**224,612**	-
Intangible asset		**8,560**	8,560
Equity investment designated at fair value through other comprehensive income		**2,320**	2,320
Debt investments at amortised cost		**-**	13,744
Deposits		**279**	279
Total non-current assets		**1,552,661**	1,327,158
CURRENT ASSETS			
Properties under development		**1,255,661**	-
Interests in land use rights for property development		**578,984**	-
Trade receivables	*9*	**681**	-
Other receivables, deposits and prepayments		**221,395**	1,481
Debt investments at amortised cost		**14,382**	-
Prepaid income tax		**19,570**	-
Restricted bank balances		**107,451**	-
Cash and cash equivalents		**2,057,331**	451,571
Total current assets		**4,255,455**	453,052
CURRENT LIABILITIES			
Trade and retention payables	*10*	**122,160**	-
Other payables and accrued expenses		**76,640**	20,747
Contract liabilities		**1,317,439**	-
Tax payable		**2,991**	2,440
Total current liabilities		**1,519,230**	23,187
NET CURRENT ASSETS		**2,736,225**	429,865
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,288,886**	1,757,023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
30 June 2020

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,288,886**	1,757,023
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**309,390**	10,892
Interest-bearing other borrowings	**2,321,660**	-
Other payables	**5,984**	6,831
Total non-current liabilities	**2,637,034**	17,723
Net assets	**1,651,852**	1,739,300
EQUITY		
Attributable to equity holders of the Company		
Issued share capital	**79,956**	79,956
Reserves	**1,529,172**	1,659,344
	1,609,128	1,739,300
Non-controlling interests	**42,724**	-
Total equity	**1,651,852**	1,739,300

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 consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2019, 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 revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKFRS 16	*COVID-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

Other than the amendments to HKFRS 9, HKAS39 and HKFRS 7 *Interest Rate Benchmark Reform* which are not relevant to the preparation of the Group's unaudited interim condensed consolidated financial information, the nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

1 Basis of preparation and accounting policies *(continued)*

(b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

Except amendments to HKFRS 16, the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective in these unaudited interim condensed consolidated financial statements.

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 during the first six months of 2020 as follows:

(a) The property investment segment invests in properties for rental income and potential capital appreciation;

(b) The property development and trading segment comprises the development and trading of properties;

(c) The treasury management segment which invests in debt securities and time deposits for earning interest income; and

(d) The property management and related services segment comprises the provision of property management and related technical consultancy services.

During the period, the Group has expanded its property trading business to include property development business upon the acquisition of subsidiaries which are engaged in property development business in Mainland China. Accordingly, the property trading segment is renamed as property development and trading segment and the performance and results of the property development business are included in the property development and trading segment for management reporting purpose. Comparative figures have been restated to conform to the current period's presentation.

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 related to general borrowings and lease liabilities, corporate and other unallocated expenses and head office income tax expense/credit are excluded from this measurement.

Segment assets exclude property, plant and equipment related to head office, an equity investment designated at fair value through other comprehensive income, an intangible asset and certain cash and bank balances under cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude general interest-bearing other borrowings, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

2 Operating segment information *(continued)*

	Property investment *HK$'000*	Property development and trading *HK$'000*	Treasury management *HK$'000*	Property management and related services *HK$'000*	Consolidated *HK$'000*
Six months ended 30 June 2020 (Unaudited)					
Segment revenue	**22,125**	**-**	**2,758**	**-**	**24,883**
Segment results	**(19,950)**	**(6,998)**	**2,709**	**-**	**(24,239)**
Finance costs related to specific borrowings	**-**	**(4,814)**	**-**	**-**	**(4,814)**
Finance costs related to general borrowings and lease liabilities					**(926)**
Corporate and other unallocated expenses					**(16,160)**
Loss before tax					**(46,139)**
Income tax credit	**485**	**1,982**	**-**	**-**	**2,467**
Loss for the period					**(43,672)**

	Property investment *HK$'000*	Property development and trading *HK$'000*	Treasury management *HK$'000*	Property management and related services *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
At 30 June 2020 (Unaudited)						
Assets and liabilities						
Total assets	**1,220,230**	**3,168,115**	**14,687**	**-**	**1,405,084**	**5,808,116**
Total liabilities	**21,039**	**2,775,538**	**40**	**-**	**1,359,647**	**4,156,264**
Six months ended 30 June 2020 (Unaudited)						
Other segment information:						
Capital expenditure	**-**	**694**	**-**	**-**	**27**	**721**
Depreciation	**-**	**322**	**-**	**-**	**544**	**866**
Fair value losses of investment properties	**41,992**	**-**	**-**	**-**	**-**	**41,992**

2 Operating segment information *(continued)*

	Property investment *HK$'000* (Restated)	Property development and trading *HK$'000*	Treasury management *HK$'000*	Property management and related services *HK$'000*	Consolidated *HK$'000* (Restated)
Six months ended 30 June 2019 (Unaudited)					
Segment revenue	22,908	-	3,275	-	26,183
Segment results	37,389	-	3,233	-	40,622
Finance costs					(55)
Corporate and other unallocated expenses					(4,491)
Profit before tax					36,076
Income tax expense	(1,666)	-	-	-	(1,666)
Profit for the period					34,410

	Property investment *HK$'000* (Restated)	Property development and trading *HK$'000*	Treasury management *HK$'000*	Property management and related services *HK$'000*	Corporate and others *HK$'000* (Restated)	Consolidated *HK$'000*
At 31 December 2019 (Audited)						
Assets and liabilities						
Total assets	1,300,744	-	402,994	-	76,472	1,780,210
Total liabilities	33,588	-	45	-	7,277	40,910
Six months ended 30 June 2019 (Unaudited)						
Other segment information:						
Capital expenditure	-	-	-	-	7	7
Depreciation	-	-	-	-	529	529
Fair value gains of investment properties	15,281	-	-	-	-	15,281

2 Operating segment information *(continued)*

Geographical information

(a) Revenue from external customers

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
United Kingdom	**22,005**	22,788
Hong Kong	**2,878**	3,395
	24,883	26,183

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

(b) Non-current assets

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
United Kingdom	**1,138,420**	1,264,617
Hong Kong	**24,150**	24,677
Mainland China	**387,771**	21,800
	1,550,341	1,311,094

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

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Customer A under the property investment segment	**11,258**	11,645
Customer B under the property investment segment	**4,467**	4,618

3 Revenue

An analysis of revenue is as follows:

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Revenue from other sources		
Rental income from investment properties operating leases:		
Fixed lease payments	**22,125**	22,908
Interest income from debt investments at amortised cost	**1,341**	1,218
Interest income from time deposits	**1,417**	2,057
	2,758	3,275
	24,883	26,183

4 Finance costs

An analysis of finance costs is as follows:

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Interest on other borrowings	**10,501**	-
Interest expenses arising from revenue contracts	**15,111**	-
Interest on lease liabilities	**38**	55
	25,650	55
Less: Interest capitalised	**(19,910)**	-
Total	**5,740**	55

5 Loss/profit before tax

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

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Depreciation of owned assets	**464**	107
Depreciation of right-of-use asset	**422**	422
	886	529
Staff costs (including executive directors' remuneration):		
Wages and salaries	**3,138**	1,270
Pension scheme contributions	**59**	41
	3,197	1,311
Foreign exchange differences, net**	**10,093**	404
Transaction costs for the acquisition of subsidiaries**	**3,691**	-
Bank interest income*	**(1,003)**	(63)

* This item is included in "Other income and gains" in the consolidated statement of profit or loss.

** These items are included in "Other expenses and losses" in the consolidated statement of profit or loss.

6 Income tax credit/expense

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the current and the prior periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The United Kingdom Government announced in the financial budget on 12 March 2020 that any gain arising from sales of properties from 1 April 2020 onwards would be subject to corporation tax rate at 19% instead of 17%. The change in tax rate was enacted on 17 March 2020 and effective from 1 April 2020. Accordingly, the deferred tax liabilities related to revaluation of the Group's investment properties in the United Kingdom as at 1 April 2020 were calculated using the rate of 19%.

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Current - United Kingdom	**2,177**	1,708
Deferred	**(4,644)**	(42)
Total tax (credit)/charge for the period	**(2,467)**	1,666

7 Loss/Earnings per share attributable to ordinary equity holders of the Company

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

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2020 and 2019.

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
(Loss)/Earnings		
(Loss)/profit for the period attributable to ordinary equity holders of the Company	**(43,190)**	34,410

	Number of shares	
	Six months ended 30 June	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the period	**799,557,415**	799,557,415

8 Dividends

During the period ended 30 June 2020, the Company declared a final dividend of HK1 cent per ordinary share amounting to HK$7,996,000 for the year ended 31 December 2019 which was paid on 5 June 2020.

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2020 (2019: Nil).

9 Trade receivables

An aging analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of impairment allowance, is as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**449**	-
1 to 2 months	**-**	-
2 to 3 months	**-**	-
Over 3 months	**232**	-
	681	-

10 Trade and retention payables

An aging analysis of the trade payables at the end of the reporting period, based on the invoice date or the progress payment certificate, is as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables:		
Within 1 month	**42,490**	-
1 to 2 months	**48,558**	-
2 to 3 months	**3,279**	-
	94,327	-
Retention payables	**27,833**	-
	122,160	-

11 Comparative amounts

As further explained in note 2 above, due to the changes in the designation of principal activities and segment composition, certain comparative amounts have been reclassified to conform to the current period’s presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the first half of 2020, the global economy was in crisis due to the COVID-19 pandemic which had posted major health threats to the world. It has triggered contraction of global GDP as lockdown measures and cross-border restriction were imposed in many countries to control spread of the coronavirus. Most of the major economies had plunged into recession.

In the US, in addition to the impact of COVID-19, the trade dispute with China continued. The US economy had plunged into recession with GDP dropped and unemployment rose. In response, the US Federal Reserve cut interest rate to its lowest level in history. Despite the economic stimulus, the economy did not see any sign of recovery.

In Mainland China, in addition to challenges of the continuous US-China trade war, the impact of the coronavirus had severely affected the economy for the first quarter of 2020. GDP shrank over 5% during the first quarter. However, as the outbreak of coronavirus was under control with consorted efforts and strict epidemic prevention measures. During the second quarter, trades and business activities had gradually resumed. The central government had been committed to provide necessary fiscal stimulus and accommodative monetary policy to support the economy. As a result, China became the first major economy to show economic recovery and recorded growth as compared to last year.

In Hong Kong, the local economic activity fell sharply during the period as pandemic of the coronavirus worsen. Key economic sectors such as retail, catering, and tourism were hardest hit due to restriction on cross-border travels and increased social distancing measures. Even with government aid to local businesses to deal with the unprecedented economic hardship, unemployment rate climbed to over 6% at the end of the first half. The property market was very weak, especially in the retail sectors. Rental concessions were given to tenants by government as well as property owners in private sectors.

In the UK, even though it had formally left the European Union after January 2020, UK economy continued to be affected by uncertainty arising from unfinished trade and other negotiations between UK and European Union. With the coronavirus pandemic, the economy experienced negative growth as business and social activities dropped due to lockdown. The property market was affected by the coronavirus inevitably. Various degrees of rental concession were provided to tenants depending on the locations of the properties and trades of the tenants. During the period under review, the Group’s major investment properties in London were affected relatively less than the general property market due to its prime location in London.

For the first half of 2020, the Group’s revenue decreased by 5.0% to HK$24.9 million from the last corresponding period. Rental income from investment properties amounted to HK$22.1 million, down 3.4% from HK$22.9 million. Decrease in rental income was mainly due to decline in exchange rate of British Pound Sterling as compared to the last corresponding period. As at 30 June 2020, the occupancy rate of the Group’s investment properties in UK is 100%. Treasury management income amounted to HK$2.8 million, down 15.8% from HK$3.3 million. The Group had expanded its property business to include property development during the period. As the Group’s development project was in the initial development phase, no revenue was recorded during the period under review.

The Group’s net loss attributable to shareholders for the first six months of 2020 amounted to HK$43.2 million as compared to net profit of HK$34.4 million in the last corresponding period. It is primarily due to loss on revaluation of the Group’s investment properties in the first half of 2020 as compared to revaluation gain recorded in the last corresponding period. Loss per share for the first six-month period of 2020 was HK5.4 cents (2019: earning per share HK4.3 cents).

The Group’s investment property portfolio was independently valued at the end of the period resulting in revaluation loss of HK$42.0 million (2019: HK$15.3 million surplus). The revaluation loss was reported in the statement of profit or loss.

Material Acquisition

During the period under review, the Group stepped up its efforts to search for investment opportunities to create sustainable business development for the Group and stronger returns for our shareholders in property markets with positive prospects in the long run. On 26 March 2020, the Group entered into an agreement to acquire the entire issued share capital of Prime Circle Global Limited ("Acquisition"), which holds indirectly 80% of a PRC development company which in turn directly owns a property development site with aggregate site area of approximately 290,000 sqm in Meishan, Sichuan Province, the PRC. The total purchase consideration was HK$350.0 million. Completion took place on 2 June 2020. The acquisition allowed the Group to tap into the property development business in the PRC and capture benefits of the PRC property market with sustainable demand in the long run, integrating well into the Group's existing property businesses.

Further details of the Acquisition were already disclosed in the relevant announcements and circular issued by the Company.

With the Acquisition, property development has become a major business operation for the Group. As the Acquisition is at its initial development phase, even though pre-sale has commenced, recognition of revenue will take place upon completion and delivery of the property units.

Prospects

For the second half of the year, we anticipate the global economy to be challenging as volatility and uncertainty continue. Under the threat of COVID-19, it is difficult to predict when the global economy will resume its normal pace. The continuous trade war between US and China inevitably will have negative impact on the global economic recovery. In response to the impact to US and the global economy by the coronavirus pandemic, the US Federal Reserve had cut interest rate to a very low level and will continue to provide necessary fiscal stimulus to revive the economy. Other major economies will continue to adopt accommodative monetary policies to provide liquidity for economic recovery.

In Mainland China, if the coronavirus is under control for the rest of the year, the economy will continue to recover. However, the pace of economic recovery also depends on the intensity of the continuous trade conflict with the US. It is expected that the Chinese Government will continue to provide fiscal stimulus and accommodative monetary policy to support economic recovery and growth. The property market, in particular the residential sector, will be resilient in the long term.

In Hong Kong, the degree of recovery of the local economy depends greatly on whether the coronavirus will subside or the spread of coronavirus is under control. Only when business can re-open normally and social distance measures relax, the economy will begin to pick up its pace. Besides the impact of the coronavirus, the local economy will be affected by economic development in Mainland China and the US-China trade war, downward pressure and adjustment in the property market is expected to continue for the rest of the year.

For the UK, economic recovery will remain weak due to impact of the coronavirus and the uncertainty arising from trade and other negotiations between UK and European Union. Even though the economy and property market in UK are subject to uncertainty, it is expected that London will be relatively more resilient as compared to other regions of UK as London is still the major business hub in Europe and preferred destination for global investors.

In anticipation of the volatility and uncertain economic environment ahead, the Group will adopt a cautious and proactive approach to manage its core investment and to look for business opportunities in property markets with resilient economic prospects for sustainable development of the Group and create stronger returns for our shareholders in the long run amid the challenging market conditions. The Group remains positive about the long-term economic prospect of China and will further expanding its property businesses in PRC property market which is expected to be resilient with sustainable demand in the long run.

Liquidity and Financial Resources

As at 30 June 2020, the Group had net borrowing of HK$156.9 million (31 December 2019: Nil), consisting cash and cash equivalents, and restricted bank balances of HK$2,164.8 million and total borrowings of HK$2,321.7 million. The gearing ratio of the Group was 9.8% (31 December 2019: Zero). The gearing ratio, if any, is calculated as the ratio of net borrowings to shareholders' funds.

As at 30 June 2020, the Group's total borrowings amounted to HK$2,321.7 million which is secured by the pledge of equity interests in certain subsidiaries of the Group, and will be repayable in 2 years. The Group proactively managed its financial resources and devised appropriate funding plan for working capital and capital expenditure.

Following the Acquisition, the Group has its major property business operations in UK and PRC. Therefore, it is subject to foreign exchange rate fluctuation of British Pound Sterling and Renminbi.

Contingent Liabilities/Financial Guarantees

As at 30 June 2020, the Group provided financial guarantees to certain banks in respect of mortgage facilities provided for certain purchasers of the Group's properties amounting to HK$547.1 million.

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

STAFF

As at 30 June 2020, the Group employed 15 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 2020 (2019: 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.

CORPORATE GOVERNANCE CODE *(continued)*

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. C.K. Cheung"). Having considered the existing structure and composition of the board and operations of the Group in Hong Kong, the board believes that vesting the roles of both chairman and managing director in Mr. C.K. 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 except Mr. Wong Hy Sky 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) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix 10 to the Listing Rules (the "Model Code").

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, 21 August 2020

As at the date hereof, the board of directors of the Company comprises Cheung Chung Kiu, Yuen Wing Shing, Tung Wai Lan, Iris and Wong Hy Sky 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*