



渝太地產集團有限公司
Y. T. REALTY GROUP LIMITED
Stock Code : 0075



2007
Interim Report

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Corporate Information

Executive Director

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

Non-Executive Director

- * Lee Ka Sze, Carmelo

Independent Non-Executive Director

- † * Wong Yat Fai
- † * Ng Kwok Fu
- * Wong Wai Kwong, David (*resigned on 26 July 2007*)
- * Luk Yu King, James (*appointed on 10 September 2007*)

† *Remuneration committee member*

* *Audit committee member*

Secretary

Albert T. da Rosa, Jr.

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Auditors

Ernst & Young

Principal Banker

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

Legal Adviser

Bermuda
Conyers Dill & Pearman

Hong Kong

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

Registrar & Transfer Office

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Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 75

Management Discussion and Analysis

The board of directors is pleased to present the Group's interim report and condensed accounts for the six months ended 30 June 2007. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30 June 2007, and the consolidated balance sheet of the Group as at 30 June 2007, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 13 to 28 of this report.

Business Review

The Group's consolidated profit after taxation for the first six months of 2007 was HK\$169.7 million which is 9.0% higher than the results of the corresponding period of 2006. Earnings per share for the first six-month period of 2007 amounted to HK21.2 cents (2006: HK19.5 cents). Excluding the effect of property revaluation and the related deferred taxation for the six months period ended 2007 and 2006, and the fair value gain of an unlisted share option granted by an associated company in the first half of 2006, the profit after taxation for the first half of 2007 was 55.9% better than the corresponding period of last year.

Rental income from investment properties for the half-year ended 30 June 2007 amounted to HK\$51.1 million, up 20.8% from HK\$42.3 million for the corresponding period of last year. The economy and market sentiment in Hong Kong continued to improve at healthy pace. The Group's properties recorded satisfactory increase in rental yields and occupancy rates.

During the period under review, Hong Kong was successful in preserving strong fundamentals and maintaining satisfactory economic growth. Financial, real estate, insurance, and accounting sectors all performed remarkably well. On the other hand, tourist arrival which is a main impetus for hotel and retail business recorded modest year-on-year increase with a figure still exceeding an enormous 13 million. Supported by the large amount of visitors and improved market sentiment which was brought about by stock market boom, satisfactory salary increments and bonus distributions for the working population, total retail sales recorded another year of solid performance. Against this economic backdrop, the Group's properties which are predominantly of retail and commercial nature recorded satisfactory increase in rental rates for renewal and new letting cases during the first six months of 2007. Moreover, occupancy rates of our buildings also climbed up to about 95%.

Management Discussion and Analysis

Business Review *(continued)*

We ascribe such satisfactory leasing results to favourable location of the Group's properties as well as high quality tenancy and building management services provided by our highly trained staff in conformity with internationally recognised standard. Pro-active marketing efforts also contributed to the success in attracting a number of quality new tenants to our buildings, including the leading and innovative hair salon "Rever".

During the period under review, the Group's investment property portfolio was independently valued at the end of the period resulting in a revaluation surplus of HK\$120.4 million. The revaluation surplus and the corresponding deferred tax arising from the revaluation of the Group's investment properties were reported in the income statement.

The Group's share of profit after taxation from the associated company, The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), for the period was HK\$45.3 million (2006: HK\$27.7 million), an increase of 63.8% from last period. The substantial increase in profit contribution from Cross-Harbour was attributed to the profit growth of Cross-Harbour and the Group's increased shareholding in Cross-Harbour since last May. Cross-Harbour is listed on The Stock Exchange of Hong Kong Limited and it is engaged in investment and management of tunnels, motoring schools and highway and tunnel toll system.

Prospects

The Group maintains a high degree of optimism on the economic development of the Hong Kong SAR. We are confident that Hong Kong will continue to be prosperous by strengthening the knowledge base economy and by and large, there is a steady growing trend of adopting information technology in business and general community.

In the financial market in particular, the subprime mortgage market in the United States has created turmoil and uncertainty for the global financial markets recently. Its impact is far-reaching. It is anticipated that it may cause downward interest rate movement both inside and outside of the United States in order to ease the credit crisis.

Over the past few years, as a result of adopting prudent fiscal management approach by the Government, Hong Kong has strengthened a lot its financial position. Its growing fiscal reserve can help withstand any potential market shocks. Just recently, Hong Kong's financial status has been further upgraded by major international credit rating agencies.

Management Discussion and Analysis

Prospects *(continued)*

The Chinese government has just announced in August this year to further relax its foreign investment policy to allow more Mainland investors to directly invest in the equity markets outside of the Mainland. It is expected that the stock market of Hong Kong will benefit from such policy. Hong Kong is now the sixth largest stock market in the world, whose value has increased by four times since 1997. With the additional investments from the Mainland investors, it will further solidify Hong Kong as one of the most important financial centres in the world.

In the years ahead, it is expected that infrastructural links between Hong Kong SAR and the Mainland will be further strengthened to bring economic growth to both places. The Mainland will continue to offer tremendous potential business and investment opportunities to Hong Kong. In recent years certain emerging economies in the Pacific region also provide favorable investment opportunities. While it is expected that the Group's core property investment in Hong Kong will yield stable return in the coming years, the Group will position itself to capture the tremendous potential arising from not only the Mainland markets but those emerging economies in Southeast Asia, such as Vietnam and Malaysia.

Management Discussion and Analysis

Financing and Liquidity

The Group's financial expenses for the first six months of the year amounted to HK\$17.5 million, up 7.9% from HK\$16.2 million for the same period last year.

The gearing ratio, which is calculated as the ratio of net bank borrowings to shareholders' funds, was 21.8% (31 December 2006: 23.7%). As at 30 June 2007, the total bank borrowing has decreased to HK\$641.5 million from HK\$666.0 million at end of 2006. Certain investment properties with aggregate carrying value of HK\$2,235.0 million (31 December 2006: HK\$2,117.0 million) were pledged, together with assignment of rental income, to secure loan facilities. Term loan instalments repayable within one year amounted to HK\$49.0 million. Revolving bank loan with balance of HK\$200.0 million is repayable and renewable within one year.

The following is the maturing profile of the Group's bank borrowings as of 30 June 2007:

Within one year	38.8%
In the second year	8.9%
In the third to fifth years	52.3%
	<hr/>
Total	100.0%
	<hr/> <hr/>

As at 30 June 2007, the Group's cash and cash equivalents was HK\$29.8 million. With cash, available banking facilities, and recurring rental income, the Group has sufficient resources to meet the foreseeable funding needs for working capital and capital expenditure.

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

Management Discussion and Analysis

Contingent Liabilities

As at 30 June 2007, the Company has executed guarantees totaling HK\$1,241.9 million (31 December 2006: HK\$1,268.9 million), with respect to banking facilities made available to its subsidiaries, of which HK\$641.5 million were utilised (31 December 2006: HK\$666.0 million).

Staff

As at 30 June 2007, the Group had 32 members of staff. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, life insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

Interim Dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

Disclosure of Interests

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

The register kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows, as at 30 June 2007, the following interests of the directors in the shares of the Company or an associated corporation (within the meaning of Part XV of the SFO):

(a) Interests in the Company

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

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

Name	Capacity	No. of shares	Approximate % of shareholding
Cheung Chung Kiu	Interest of controlled corporation	148,254,432 ²	41.94%

Disclosure of Interests

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

Notes:

- ¹ Mr. Cheung Chung Kiu ("Mr. Cheung") was deemed to be interested in 273,000,000 shares in the Company by virtue of his indirect shareholding interest in Funrise Limited ("Funrise") which owned these shares. Funrise was a wholly owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang BVI") which was, in turn, a wholly owned subsidiary of Yugang International Limited ("Yugang"). Mr. Cheung, Timmex Investment Limited (a company wholly owned by Mr. Cheung) and Chongqing Industrial Limited ("Chongqing Industrial") owned approximately 0.59%, 6.22% and 35.44% of the issued share capital of Yugang respectively. Chongqing Industrial was owned as to 35% by Mr. Cheung, as to 30% by Prize Winner Limited (a company owned by Mr. Cheung and his associates), as to 30% by Peking Palace Limited ("Peking Palace") and as to 5% by Miraculous Services Limited ("Miraculous Services"). Peking Palace and Miraculous Services were companies controlled by Palin Discretionary Trust, the objects of which included Mr. Cheung and his family.
- ² Honway Holdings Limited ("Honway", an indirect wholly owned subsidiary of the Company) held 148,254,432 shares in The Cross-Harbour (Holdings) Limited ("Cross-Harbour"). Mr. Cheung was deemed to be interested in those shares by virtue of his deemed interest in the shares of the Company as described in note 1 above.

All the interests disclosed above represent long positions in the shares of the Company or Cross-Harbour.

Save as disclosed herein, as at 30 June 2007, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Code for Securities Transactions by Directors adopted by the Company on 1 January 2005.

Share Options

On 29 April 2005, the Company adopted a share option scheme (the "Scheme") details of which are given in the Company's circular dated 13 April 2005.

During the period, no option lapsed and no option was granted, exercised or cancelled; nor was there any option outstanding under the Scheme at the beginning and at the end of the period.

Disclosure of Interests

Interests and Short Positions of Shareholders

As at 30 June 2007, so far as is known to the directors of the Company, the following persons, other than the directors, had, or were deemed to have, interests in the shares of the Company as recorded in the register kept under section 336 of the SFO:

Name	Capacity	No. of shares	Total no. of shares	Approximate % of shareholding
Palin Holdings Limited	Interest of controlled corporation	273,000,000	273,000,000 ¹	34.14%
Chongqing Industrial	Interest of controlled corporation	273,000,000	273,000,000 ¹	34.14%
Yugang	Interest of controlled corporation	273,000,000	273,000,000 ¹	34.14%
Yugang BVI	Interest of controlled corporation	273,000,000	273,000,000 ¹	34.14%
Funrise	Beneficial owner	273,000,000	273,000,000 ¹	34.14%
Deutsche Bank Aktiengesellschaft	Beneficial owner Security interest	7,310,262 <u>37,111,738</u>	44,422,000	5.56%
QVT Financial GP LLC ²	Interest of controlled corporation	40,664,000	40,664,000	5.08%
QVT Financial LP ²	Investment manager	40,664,000	40,664,000	5.08%

Notes:

- ¹ Each parcel of 273,000,000 shares represents the same shareholding interest of Funrise and is duplicated in Mr. Cheung's interest in the Company's shares as set out on pages 8 and 9.
- ² QVT Financial GP LLC owned 1% of QVT Financial LP. QVT Financial LP is accustomed or obliged to act in accordance with the directions or instructions of QVT Financial GP LLC.

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2007, had, or was deemed to have, any interest or short position in the shares and underlying shares of the Company as recorded in the register kept under section 336 of the SFO, other than as disclosed on pages 8 and 9.

Other Information

Code on Corporate Governance Practices

The Company endorses good corporate governance practices. Throughout the accounting period covered by the interim report, the Company has met the code provisions of the Code on Corporate Governance Practices (the “CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Rules 3.10 and 3.21 of the Listing Rules

Subsequent to the period end, Mr. Wong Wai Kwong, David (“Mr. Wong”) resigned as an independent non-executive director and audit committee member of the Company with effect from 26 July 2007 following which, the number and qualifications of independent non-executive directors of the Company failed to meet the requirements under rule 3.10 of the Listing Rules, and the composition of the audit committee of the Company failed to meet the requirement under rule 3.21 of the Listing Rules. With his resignation, Mr. Wong also ceased to be the chairman of the audit committee of the Company.

In order to address the above non-compliance, the board, on 10 September 2007, appointed Mr. Luk Yu King, James as an independent non-executive director and a member and the chairman of the audit committee of the Company to take effect 10 September 2007.

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 required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules.

All directors have confirmed, following specific enquiries by the Company, that throughout the period they have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions.

Other Information

Purchase, Sale or Redemption of Shares

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

Review by Audit Committee

The interim report has been reviewed by the audit committee. With management, the audit committee has reviewed the accounting principles and practices adopted by the Company and its subsidiaries and discussed internal control and financial reporting matters, including the review of the unaudited interim financial statements.

Appreciation

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

On behalf of the board

Wong Chi Keung

Managing Director

Hong Kong, 14 September 2007

Condensed Consolidated Income Statement

For the six months ended 30 June 2007

	Notes	Unaudited	
		Six months ended 30 June	
		2007	2006
		HK\$'000	HK\$'000
REVENUE	2	56,487	46,837
Direct outgoings		(3,457)	(1,613)
		<u>53,030</u>	<u>45,224</u>
Other income		1,128	2,916
Administrative expenses		(8,517)	(10,175)
Finance costs		(17,495)	(16,208)
Changes in fair value of investment properties		120,368	86,247
Fair value gain of an unlisted share option granted by an associate		—	39,485
Impairment loss on other investments		—	(350)
Share of results of an associate		45,311	27,659
		<u>193,825</u>	<u>174,798</u>
PROFIT BEFORE TAX	3	193,825	174,798
Tax	4	(24,097)	(19,058)
		<u>169,728</u>	<u>155,740</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>169,728</u>	<u>155,740</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	5	<u>HK21.2 cents</u>	<u>HK19.5 cents</u>

Condensed Consolidated Balance Sheet

30 June 2007	<i>Notes</i>	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,264	1,490
Investment properties	8	2,246,700	2,125,050
Interest in an associate		1,343,239	1,290,349
Other investments		879	879
Total non-current assets		<u>3,592,082</u>	<u>3,417,768</u>
CURRENT ASSETS			
Properties held for sale		1,704	1,704
Trade receivables	9	1,504	6,935
Other receivables, deposits and prepayments		8,330	7,973
Tax recoverable		—	867
Cash and bank balances		29,784	42,954
Total current assets		<u>41,322</u>	<u>60,433</u>
CURRENT LIABILITIES			
Trade payables	10	736	6,595
Other payables and accrued expenses		50,794	59,572
Bank loans, secured	11	249,000	249,000
Tax payable		459	—
Total current liabilities		<u>300,989</u>	<u>315,167</u>
NET CURRENT LIABILITIES		<u>(259,667)</u>	<u>(254,734)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,332,415</u>	<u>3,163,034</u>
NON-CURRENT LIABILITIES			
Bank loans, secured	11	392,500	417,000
Deferred tax liabilities		134,654	111,883
Total non-current liabilities		<u>527,154</u>	<u>528,883</u>
Net assets		<u>2,805,261</u>	<u>2,634,151</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	12	79,956	79,956
Reserves		2,725,305	2,530,208
Proposed final dividend		—	23,987
Total equity		<u>2,805,261</u>	<u>2,634,151</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007

	Unaudited									
	Attributable to equity holders of the Company									
	Issued	Share	Capital			Investment			Proposed	
	share	premium	redemption	Capital	Contributed	reserve of	Other	Retained	final	Total
	capital	account	reserve	reserve	surplus	an associate	reserves	profits	dividend	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007	79,956	95,738	1,350	1,800	1,321,935	69,454	3,052	1,036,879	23,987	2,634,151
2006 final dividend declared and paid	—	—	—	—	—	—	—	—	(23,987)	(23,987)
Share of changes in fair value of										
available-for-sale securities of an associate	—	—	—	—	—	24,303	—	—	—	24,303
Share of changes in fair value of other financial										
instruments of an associate	—	—	—	—	—	—	1,066	—	—	1,066
Profit for the period	—	—	—	—	—	—	—	169,728	—	169,728
At 30 June 2007	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>1,321,935*</u>	<u>93,757*</u>	<u>4,118*</u>	<u>1,206,607*</u>	<u>—</u>	<u>2,805,261</u>
At 1 January 2006	79,956	95,738	1,350	1,800	1,321,935	38,246	4,567	772,778	19,989	2,336,359
2005 final dividend declared and paid	—	—	—	—	—	—	—	—	(19,989)	(19,989)
Share of changes in fair value of										
available-for-sale securities of an associate	—	—	—	—	—	7,085	—	—	—	7,085
Share of changes in fair value of other financial										
instruments of an associate	—	—	—	—	—	—	923	—	—	923
Profit for the period	—	—	—	—	—	—	—	155,740	—	155,740
At 30 June 2006	<u>79,956</u>	<u>95,738</u>	<u>1,350</u>	<u>1,800</u>	<u>1,321,935</u>	<u>45,331</u>	<u>5,490</u>	<u>928,518</u>	<u>—</u>	<u>2,480,118</u>

* These reserve accounts comprise the consolidated reserves of HK\$2,725,305,000 (31 December 2006: HK\$2,530,208,000) in the condensed consolidated balance sheet.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

	Unaudited	
	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	18,221	1,445
Net cash inflow/(outflow) from investing activities	17,096	(177,268)
Net cash (outflow)/inflow from financing activities	(48,487)	154,011
Net decrease in cash and cash equivalents	(13,170)	(21,812)
Cash and cash equivalents at 1 January	42,954	49,344
Cash and cash equivalents at 30 June	29,784	27,532
Analysis of balances of cash and cash equivalents		
Cash and bank balances	29,784	27,532

Notes to Interim Financial Statements

1 Basis of Preparation and Accounting Policies

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

The basis of preparation and accounting policies used in the preparation of these interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements which are set out as below.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 “Financial Reporting in Hyperinflationary Economies”
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The Group considers that the adoption of the above-mentioned accounting standards does not have significant impact on the Group as at the date of the interim financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The Company is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Company’s financial statements.

Notes to Interim Financial Statements

2 Segment Information

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

An analysis by principal activity and geographical area of operations of the Group's revenue and results are summarised as follows:

(a) Business segments

	Unaudited				Consolidated
	Six months ended 30 June				
	Property investment	Property trading	Property management and related services	Operation of driver training centres and tunnel operation and management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2007					
Segment revenue	51,066	—	5,421	—	56,487
Segment results	161,945	(5)	4,069	—	166,009
Finance costs					(17,495)
Share of results of an associate				45,311	45,311
Profit before tax					193,825
Tax					(24,097)
Profit for the period					169,728

Notes to Interim Financial Statements

2 Segment Information *(continued)*

(a) Business segments *(continued)*

	Unaudited				Consolidated
	Six months ended 30 June				
	Property investment	Property trading	Property management and related services	Operation of driver training centres and tunnel operation and management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2006					
Segment revenue	42,264	—	4,573	—	46,837
Segment results	122,046	—	4,220	—	126,266
Unallocated expenses					(2,404)
Finance costs					(16,208)
Fair value gain of an unlisted share option granted by an associate				39,485	39,485
Share of results of an associate				27,659	27,659
Profit before tax					174,798
Tax					(19,058)
Profit for the period					155,740

There are no sales or other transactions between the business segments.

Notes to Interim Financial Statements

2 Segment Information *(continued)*

(b) Geographical segments

	Unaudited			
	Six months ended 30 June			
	Segment revenue		Segment results	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	56,487	46,837	166,057	126,651
Mainland China	—	—	(48)	(385)
	<u>56,487</u>	<u>46,837</u>	<u>166,009</u>	<u>126,266</u>

There are no sales between the geographical segments.

3 Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	269	257
Outgoings in respect of other properties	30	23
Staff costs (including executive directors' remuneration):		
Wages and salaries	4,318	3,862
Pension scheme contributions	146	154
	<u>4,464</u>	<u>4,016</u>
Interest expenses	16,981	14,778
Interest income	(620)	(2,710)
	<u><u>16,364</u></u>	<u><u>14,124</u></u>

Notes to Interim Financial Statements

4 Tax

	Unaudited	
	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current - Hong Kong	1,326	1,841
Deferred	22,771	17,217
Total tax charge for the period	<u>24,097</u>	<u>19,058</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

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

The calculation of basic earnings per share for the period ended 30 June 2007 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$169,728,000 (2006: HK\$155,740,000) and the number of 799,557,415 (2006: 799,557,415) ordinary shares in issue during the period.

The diluted earnings per share amount for the periods ended 30 June 2007 and 2006 have not been disclosed as no diluting events existed during the periods.

6 Dividend

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2007 (2006: Nil).

Notes to Interim Financial Statements

7 Property, Plant and Equipment

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
Net carrying amount at 1 January	1,490	1,870
Additions	43	139
Write-off	(57)	(24)
Depreciation provided during the period/year	(269)	(519)
Write-back of depreciation	57	24
	<u>1,264</u>	<u>1,490</u>
Net carrying amount at 30 June/31 December	<u><u>1,264</u></u>	<u><u>1,490</u></u>

8 Investment Properties

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
Carrying amount at 1 January	2,125,050	1,927,840
Additions	1,282	7,206
Fair value adjustment	120,368	190,004
	<u>2,246,700</u>	<u>1,927,840</u>
Carrying amount at 30 June/31 December	<u><u>2,246,700</u></u>	<u><u>2,125,050</u></u>

Notes to Interim Financial Statements

9 Trade Receivables

An aged analysis of the trade receivables at the balance sheet date is as follows:

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
0 - 30 days	651	6,066
31 - 60 days	2	665
Over 60 days	<u>851</u>	<u>204</u>
	<u><u>1,504</u></u>	<u><u>6,935</u></u>

The trade receivables primarily include rental receivables and property management and related services receivables which are normally due on the first day of each month and due within a 30-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 large number of diversified customers, there is no significant concentration of credit risk.

10 Trade Payables

An aged analysis of the trade payables at the balance sheet date is as follows:

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
0 - 30 days	736	6,141
31 - 60 days	<u>—</u>	<u>454</u>
	<u><u>736</u></u>	<u><u>6,595</u></u>

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

Notes to Interim Financial Statements

11 Bank Loans, Secured

Bank loans are repayable as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Within one year	249,000	249,000
In the second year	57,200	53,100
In the third to fifth years, inclusive	335,300	363,900
	<u>641,500</u>	<u>666,000</u>
Amounts classified under current liabilities	<u>(249,000)</u>	<u>(249,000)</u>
Amounts classified under non-current liabilities	<u>392,500</u>	<u>417,000</u>

The bank loans are variable interest rate loans with interest rates based on the HIBOR plus the predetermined spread percentage. The effective interest rates for the period ended 30 June 2007 and the year ended 31 December 2006 were 5.26% and 5.25%, respectively.

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

- (a) Mortgages on certain investment properties with an aggregate carrying value of HK\$2,235,000,000 (31 December 2006: HK\$2,117,000,000) and the assignment of rental income from certain properties. In addition, the Company has pledged all the issued shares of certain subsidiaries and subordinated its loans to certain subsidiaries in favour of the lenders of the above bank loans; and
- (b) corporate guarantees issued by the Company.

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

Notes to Interim Financial Statements

12 Share Capital

Shares

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
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 (31 December 2006: 799,557,415) ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

13 Operating Lease Arrangements

(a) As lessor

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
Within one year	104,559	99,309
In the second to fifth years, inclusive	<u>101,680</u>	<u>124,835</u>
	<u>206,239</u>	<u>224,144</u>

Notes to Interim Financial Statements

13 Operating Lease Arrangements *(continued)*

(b) As lessee

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
Within one year	996	996
In the second to fifth years, inclusive	83	581
	<u>1,079</u>	<u>1,577</u>

14 Commitments

At the balance sheet date, the Group had capital commitments in respect of investment properties as follows:

	30 June 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Audited) <i>HK\$'000</i>
Contracted, but not provided for	210	714
Authorised, but not contracted for	12,127	12,638
	<u>12,337</u>	<u>13,352</u>

Notes to Interim Financial Statements

15 Contingent Liabilities

The Company has executed guarantees totaling HK\$1,241,900,000 (31 December 2006: HK\$1,268,900,000), with respect to banking facilities made available to its subsidiaries, of which HK\$641,500,000 were utilised as at 30 June 2007 (31 December 2006: HK\$666,000,000).

16 Related Party Transactions

(a) The Group had the following significant transactions with related parties during the period:

	Notes	Unaudited	
		Six months ended 30 June	
		2007	2006
		HK\$'000	HK\$'000
Rental charges paid to a related company	(i)	498	498
Administrative staff costs paid to a shareholder	(ii)	420	408
		<u> </u>	<u> </u>

Notes:

- (i) A subsidiary of the Company, Y. T. Group Management Limited ("YTGML"), entered into a sub-lease agreement with Chongqing Industrial Limited, a controlling shareholder of Yugang International Limited ("Yugang"), a substantial shareholder of the Company, to lease office space. The rental charges were based on the floor area occupied by the Group and the market rental rate. The current sub-lease agreement commenced on 1 August 2005 and will expire on 31 July 2008.
- (ii) YTGML entered into an agreement with Yugang to share the cost of common administrative staff at a monthly charge which is determined based on actual cost of the staff.

Notes to Interim Financial Statements

16 Related Party Transactions *(continued)*

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

	Unaudited	
	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Short term employee benefits	1,570	1,428
Post-employment benefits	79	71
Total compensation paid to key management personnel	<u>1,649</u>	<u>1,499</u>

17 Post Balance Sheet Events

On 3 July 2007, a placing agreement ("Agreement") was entered between the Company and Taifook Securities Company Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed to place a maximum aggregate amount of HK\$300,000,000 of zero coupon convertible notes (the "Note"), on a best effort basis, to not less than six independent placees; each partial completion of the placing shall not be less than HK\$50,000,000. The maturity date of the Note is 31 July 2010 and the conversion price is HK\$1.9 per conversion share. If the conditions of the Agreement are not fulfilled by the long stop date which is nine months from the date of signing of the Agreement (or such later date as agreed between the Company and the Placing Agent), the Agreement will terminate and neither the Company nor the Placing Agent shall have any claims against each other.

18 Approval of the Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved by the board of directors on 14 September 2007.