



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



2008
Interim Report

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Corporate Information

Executive Director

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

Non-Executive Director

Lee Ka Sze, Carmelo
Wong Yat Fai

Independent Non-Executive Director

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

Audit Committee

Luk Yu King, James (*Chairman*)
Lee Ka Sze, Carmelo
Ng Kwok Fu
Leung Yu Ming, Steven

Remuneration Committee

Cheung Chung Kiu (*Chairman*)
Ng Kwok Fu
Leung Yu Ming, Steven

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 2008. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30 June 2008, and the consolidated balance sheet of the Group as at 30 June 2008, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 12 to 26 of this report.

Business Review

The Group's net profit attributable to shareholders for the first six months of 2008 was HK\$213.8 million which is 26.0% higher than the results of the corresponding period of 2007. Earnings per share for the first six-month period of 2008 amounted to HK26.7 cents (2007: HK21.2 cents). Excluding the effect of property revaluation and the related deferred taxation for the six months period ended 2008 and 2007, the profit after taxation for the first half of 2008 was 60.2% better than the corresponding period of last year.

Rental income from investment properties for the half-year ended 30 June 2008 amounted to HK\$55.1 million, up 8.0% from HK\$51.1 million for the corresponding period of last year. During the period under review, the Group's core properties recorded steady increase in rental yields and occupancy rates.

The first half of 2008 was considered by many as a challenging period for the economy of Hong Kong as a whole and the Group shared the same view.

The sub-prime crisis originated in the United States of America rather than being subdued, widened to affect not only home loan financiers there but many financial institutions worldwide having exposure to financial products related to the U.S. sub-prime mortgages. The credit crunch in the U.S. and Europe, stock market collapse in Vietnam, coupled with the austere financial measures adopted by the Mainland authority posed a stern market environment for virtually all businesses worldwide. Inflation pressure reached a very alarming level as oil price hit record highs consecutively during the first half of 2008.

Against all these difficulties, Hong Kong was fortunate to be able to weather the market storms. The SAR Government's prudent public administration, particularly in the management of its public finance to ensure a strong stable public reserve and to afford a business environment with low tax and low cost of funding were the major attributes in successfully tackling the global financial crisis. Like some of the fortunate few, the Group's business was not affected by the market volatility in the first half of 2008 in any great magnitude as the core of our long term investment consists mainly of prime rental properties which consistently enjoy high percentage of occupancy. The Group ascribed such satisfactory result to favourable locations of our properties and provision of quality in-house professional management and marketing service to our tenants.

Management Discussion and Analysis

Business Review *(continued)*

At time of market adjustment, many see it as a good opportunity to invest and to commit in the prime area and in good quality properties where it would otherwise have been difficult to enter during boom time. Currently, the Group's property portfolio is over 97% leased and such high percentage of occupancy is predicted to continue in the remainder of the year.

The Group's investment property portfolio was independently valued at the end of the period resulting in a revaluation surplus of HK\$121.3 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\$71.4 million (2007: HK\$45.3 million), an increase of 57.6% from last period. Cross-Harbour is listed on The Stock Exchange of Hong Kong Limited and it is engaged in investment and management of tunnels, motoring schools and highway and tunnel toll system.

Prospects

The Group is cautiously optimistic about the economic performance of the Hong Kong SAR in the coming years. Most of our key economic fundamentals remain sound and the market sentiment will continually be supported by strong domestic consumption, large influx of tourists and low unemployment condition.

It is however anticipated that global credit market will remain tight hence affecting the performance of the financial and banking sectors. Similar situation will likely happen to property market although high-end residential sector will least be affected owing to scarcity in supply. Rising cost in doing business in Hong Kong caused by inflation will be inevitable, but performance of companies in general may not be severely affected as escalating costs of operation may likely be offset by relatively low interest and low tax business environment.

Looking ahead, it is expected that Hong Kong will benefit further by implementing its closer co-operation with its neighbouring cities in the Pearl River Delta to form a new financial hub for the whole of China. This new partnership relationship with our once competing cities will have far-reaching positive effect on Hong Kong and will surely strengthen our infrastructure and business linkage with the cities in the Pearl River Delta thereby bringing about more promising economic growth to the entire area.

Management Discussion and Analysis

Prospects *(continued)*

The Group considers that global market adjustment which we are experiencing now offers a good opportunity for business expansion at a more cost effective manner. The Group will step up its effort in the coming future to seek good investment projects with a view to enhancing corporate earning and profits for shareholders. Although the Mainland will continually be regarded as an attractive market owing to its sheer size and population, locally in Hong Kong and certain other emerging economies in the Asian Pacific region are beginning to offer unprecedented investment opportunities at time of market adjustment. When pursuing business expansion and diversification, the Group will still maintain its core property investment in Hong Kong which has been providing stable yield and cash flow in return for many years.

Financing and Liquidity

The Group's financial expenses for the period amounted to HK\$9.8 million, decreased by 43.9% from HK\$17.5 million as compared to the same period last year as average interest rate was significantly lower in the first half of 2008.

The gearing ratio, which is calculated as the ratio of net bank borrowings to shareholders' funds, was 16.6% (31 December 2007: 18.6%). As at 30 June 2008, the total bank borrowing has decreased to HK\$562.5 million from HK\$617.0 million at end of 2007. Certain investment properties with aggregate carrying value of HK\$2,428.0 million (31 December 2007: HK\$2,305.0 million) were pledged, together with assignment of rental income, to secure loan facilities. Term loan instalments repayable within one year amounted to HK\$57.2 million. Revolving bank loan with balance of HK\$170.0 million is repayable and renewable within one year.

The following is the maturing profile of the Group's bank borrowings as of 30 June 2008:

Within one year	40.4%
In the second year	10.2%
In the third to fifth years	49.4%
	<hr/>
Total	100.0%
	<hr/> <hr/>

As at 30 June 2008, the Group's cash and cash equivalents was HK\$53.0 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.

Management Discussion and Analysis

Financing and Liquidity *(continued)*

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.

On 3 July 2007, the Company entered into a placing agreement (the "Agreement") with a placing agent, pursuant to which the placing agent conditionally agreed to place a maximum aggregate amount of HK\$300.0 million of zero coupon convertible notes (the "Notes") with maturity date of 31 July 2010 at the conversion price of HK\$1.9 per conversion share, on a best effort basis, to not less than six independent placees; each partial completion of the placing should not be less than HK\$50.0 million. If the conditions of the Agreement had not been fulfilled by the long stop date which was 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 would terminate and neither the Company nor the placing agent would have any claims against each other. Due to market condition, no Notes had been placed and the Agreement lapsed at the end of 3 April 2008.

Contingent Liabilities

As at 30 June 2008, the Company has executed guarantees totaling HK\$1,193.1 million (31 December 2007: HK\$1,217.5 million), with respect to banking facilities made available to its subsidiaries, of which HK\$562.5 million were utilised (31 December 2007: HK\$617.0 million).

Staff

As at 30 June 2008, the Group had 37 members of staff. Staff remuneration is reviewed by the Group from time to time to ensure the terms of employment offered to our staff are competitive in the market. 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 2008 (2007: 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 2008, 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 those shares. Funrise was a wholly owned subsidiary of Yugang International (B.V.I.) Limited ("Yugang BVI") which in turn was a wholly owned subsidiary of Yugang International Limited ("Yugang"). Mr. Cheung, Timmex Investment Limited (a company wholly owned by Mr. Cheung) and Chongqing Industrial Limited ("Chongqing Industrial") owned approximately 0.57%, 9.16% and 34.33% 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.
- ³ All the interests disclosed above represent long positions.

Save as disclosed herein, as at 30 June 2008, 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 2008, 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%

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 7 and 8.
- ² The interest of Funrise represents a long position.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2008, 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 7 and 8.

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”).

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 they have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the period.

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.

Other Information

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, 12 September 2008

Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	Notes	Unaudited	
		Six months ended 30 June	
		2008	2007
		HK\$'000	HK\$'000
REVENUE	2	60,609	56,487
Direct outgoings		(4,581)	(3,457)
		<u>56,028</u>	<u>53,030</u>
Other income		442	1,128
Administrative expenses		(9,525)	(8,517)
Finance costs		(9,822)	(17,495)
Changes in fair value of investment properties		121,303	120,368
Share of results of an associate		71,397	45,311
		<u>229,823</u>	<u>193,825</u>
PROFIT BEFORE TAX	3	229,823	193,825
Tax	4	(16,043)	(24,097)
		<u>213,780</u>	<u>169,728</u>
PROFIT FOR THE PERIOD		<u>213,780</u>	<u>169,728</u>
Attributable to:			
Equity holders of the Company		213,827	169,728
Minority interests		(47)	—
		<u>213,780</u>	<u>169,728</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	5	<u>HK26.7 cents</u>	<u>HK21.2 cents</u>

Condensed Consolidated Balance Sheet

30 June 2008

	<i>Notes</i>	30 June 2008 (Unaudited) <i>HK\$'000</i>	31 December 2007 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	7	864	1,043
Investment properties	8	2,439,900	2,315,900
Interest in an associate		1,355,404	1,413,205
Other investments		800	800
		3,796,968	3,730,948
CURRENT ASSETS			
Properties held for sale		1,136	1,136
Trade receivables	9	855	18,529
Other receivables, deposits and prepayments		8,720	7,204
Cash and bank balances		52,985	61,247
		63,696	88,116
CURRENT LIABILITIES			
Trade payables	10	1,680	1,398
Other payables and accrued expenses		56,417	63,825
Bank loans, secured	11	227,200	253,100
Tax payable		2,286	563
		287,583	318,886
		(223,887)	(230,770)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,573,081	3,500,178
NON-CURRENT LIABILITIES			
Bank loans, secured	11	335,300	363,900
Deferred tax liabilities		163,073	148,856
		498,373	512,756
Net assets		3,074,708	2,987,422
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	12	79,956	79,956
Reserves		2,994,793	2,883,479
Proposed final dividend		—	23,987
		3,074,749	2,987,422
Minority interests		(41)	—
		3,074,708	2,987,422

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008 – Unaudited

	Attributable to equity holders of the Company											
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve of an associate HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2008	79,956	95,738	1,350	1,800	1,321,935	120,550	651	1,341,455	23,987	2,987,422	—	2,987,422
2007 final dividend declared and paid	—	—	—	—	—	—	—	—	(23,987)	(23,987)	—	(23,987)
Share of changes in fair value of available-for-sale securities of an associate	—	—	—	—	—	(102,740)	—	—	—	(102,740)	—	(102,740)
Share of changes in fair value of other financial instruments of an associate	—	—	—	—	—	—	227	—	—	227	—	227
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	6	6
Profit for the period	—	—	—	—	—	—	—	213,827	—	213,827	(47)	213,780
At 30 June 2008	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>1,321,935*</u>	<u>17,810*</u>	<u>878*</u>	<u>1,555,282*</u>	<u>—</u>	<u>3,074,749</u>	<u>(41)</u>	<u>3,074,708</u>
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	—	2,634,151
2006 final dividend declared and paid	—	—	—	—	—	—	—	—	(23,987)	(23,987)	—	(23,987)
Share of changes in fair value of available-for-sale securities of an associate	—	—	—	—	—	24,303	—	—	—	24,303	—	24,303
Share of changes in fair value of other financial instruments of an associate	—	—	—	—	—	—	1,066	—	—	1,066	—	1,066
Profit for the period	—	—	—	—	—	—	—	169,728	—	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>	<u>—</u>	<u>2,805,261</u>

* These reserve accounts comprise the consolidated reserves of HK\$2,994,793,000 (31 December 2007: HK\$2,883,479,000) in the condensed consolidated balance sheet.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Unaudited	
	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	45,969	18,221
Net cash inflow from investing activities	24,256	17,096
Net cash outflow from financing activities	(78,487)	(48,487)
Net decrease in cash and cash equivalents	(8,262)	(13,170)
Cash and cash equivalents at 1 January	61,247	42,954
Cash and cash equivalents at 30 June	52,985	29,784
Analysis of balances of cash and cash equivalents		
Cash and bank balances	52,985	29,784

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 2007.

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 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, 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.

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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 yet effective and have not been early adopted:

HKFRS 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 Amendment	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HK(IFRIC)-Int 13	Customer Loyalty Programmes ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

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
2008					
Segment revenue	55,136	—	5,473	—	60,609
Segment results	164,299	(20)	3,969	—	168,248
Finance costs					(9,822)
Share of results of an associate	—	—	—	71,397	71,397
Profit before tax					229,823
Tax					(16,043)
Profit for the period					213,780

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
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

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	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	60,609	56,487	168,298	166,057
Mainland China	—	—	(50)	(48)
	<u>60,609</u>	<u>56,487</u>	<u>168,248</u>	<u>166,009</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	
	2008	2007
	HK\$'000	HK\$'000
Depreciation	197	269
Outgoings in respect of other properties	33	30
Staff costs (including executive directors' remuneration):		
Wages and salaries	4,970	4,318
Pension scheme contributions	202	146
	<u>5,172</u>	<u>4,464</u>
Interest expenses	9,293	16,981
Interest income	(281)	(620)
	<u><u>9,184</u></u>	<u><u>20,825</u></u>

Notes to Interim Financial Statements

4 Tax

	Unaudited	
	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong	1,826	1,326
Deferred	14,217	22,771
Total tax charge for the period	<u>16,043</u>	<u>24,097</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 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 2008 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$213,827,000 (2007: HK\$169,728,000) and the number of 799,557,415 (2007: 799,557,415) ordinary shares in issue during the period.

The diluted earnings per share amount for the periods ended 30 June 2008 and 2007 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 2008 (2007: Nil).

Notes to Interim Financial Statements

7 Property, Plant and Equipment

	30 June 2008 (Unaudited) <i>HK\$'000</i>	31 December 2007 (Audited) <i>HK\$'000</i>
Net carrying amount at 1 January	1,043	1,490
Additions	18	68
Write-off	—	(73)
Depreciation provided during the period/year	(197)	(515)
Write-back of depreciation	—	73
	<u>864</u>	<u>1,043</u>
Net carrying amount at 30 June/31 December	<u><u>864</u></u>	<u><u>1,043</u></u>

8 Investment Properties

	30 June 2008 (Unaudited) <i>HK\$'000</i>	31 December 2007 (Audited) <i>HK\$'000</i>
Carrying amount at 1 January	2,315,900	2,125,050
Additions	2,697	2,958
Fair value adjustment	121,303	187,892
	<u>2,439,900</u>	<u>2,315,900</u>
Carrying amount at 30 June/31 December	<u><u>2,439,900</u></u>	<u><u>2,315,900</u></u>

Notes to Interim Financial Statements

9 Trade Receivables

An aged analysis of the trade receivables at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	30 June 2008 (Unaudited) <i>HK\$'000</i>	31 December 2007 (Audited) <i>HK\$'000</i>
0 - 30 days	348	2,721
31 - 60 days	51	544
Over 60 days	456	15,264
	<u>855</u>	<u>18,529</u>

The trade receivables include proceeds receivable from sale of properties which settlement is based on payment schedule of the corresponding sale and purchase agreement, and 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 2008 (Unaudited) <i>HK\$'000</i>	31 December 2007 (Audited) <i>HK\$'000</i>
0 - 30 days	1,189	1,367
31 - 60 days	—	31
Over 60 days	491	—
	<u>1,680</u>	<u>1,398</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 2008 (Unaudited) <i>HK\$'000</i>	31 December 2007 (Audited) <i>HK\$'000</i>
Within one year	227,200	253,100
In the second year	57,200	57,200
In the third to fifth years, inclusive	<u>278,100</u>	<u>306,700</u>
	562,500	617,000
Amounts classified under current liabilities	<u>(227,200)</u>	<u>(253,100)</u>
Amounts classified under non-current liabilities	<u><u>335,300</u></u>	<u><u>363,900</u></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 2008 and the year ended 31 December 2007 were 3.18% and 5.38%, 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\$2,428,000,000 (31 December 2007: HK\$2,305,000,000) 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 2008 (Unaudited) <i>HK\$'000</i>	31 December 2007 (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 2007: 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 2008 (Unaudited) <i>HK\$'000</i>	31 December 2007 (Audited) <i>HK\$'000</i>
Within one year	110,108	97,251
In the second to fifth years, inclusive	<u>106,972</u>	<u>72,102</u>
	<u>217,080</u>	<u>169,353</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 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within one year	1,611	581
In the second to fifth years, inclusive	<u>1,805</u>	<u>—</u>
	<u><u>3,416</u></u>	<u><u>581</u></u>

14 Commitments

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

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Contracted, but not provided for	2,453	2,057
Authorised, but not contracted for	<u>20,136</u>	<u>23,761</u>
	<u><u>22,589</u></u>	<u><u>25,818</u></u>

15 Contingent Liabilities

The Company has executed guarantees totaling HK\$1,193,076,000 (31 December 2007: HK\$1,217,509,000), with respect to banking facilities made available to its subsidiaries, of which HK\$562,500,000 were utilised as at 30 June 2008 (31 December 2007: HK\$617,000,000).

Notes to Interim Financial Statements

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	
		2008	2007
		HK\$'000	HK\$'000
Rental charges paid to a related company	(i)	498	498
Administrative staff costs paid to a shareholder	(ii)	508	420
		<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.
- (b) Compensation of key management personnel of the Group:

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Short term employee benefits	1,784	1,570
Post-employment benefits	89	79
	<u> </u>	<u> </u>
Total compensation paid to key management personnel	<u>1,873</u>	<u>1,649</u>

17 Approval of the Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved by the board of directors on 12 September 2008.