



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

2009
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

Authorised Representative

Cheung Chung Kiu
Yuen Wing Shing (*Alternate to Cheung Chung Kiu*)
Yuen Wing Shing
Cheung Chung Kiu (*Alternate to Yuen Wing Shing*)

Secretary

Albert T. da Rosa, Jr.

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Office

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26 Harbour Road
Wanchai
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Website: www.ytrealtygroup.com.hk

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

Bermuda:
The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong:
Tricor Abacus Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong
Tel: (852) 2980 1700
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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 2009. The consolidated results, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the six months ended 30 June 2009, and the consolidated statement of financial position of the Group as at 30 June 2009, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 13 to 30 of this report.

Business Review

The Group's net profit attributable to shareholders for the first six months of 2009 was HK\$241.7 million which is 13.0% higher than the results of the corresponding period of 2008. Earnings per share for the first six-month period of 2009 amounted to HK30.2 cents (2008: HK26.7 cents). Excluding the effect of property revaluation, its related deferred taxation and the effect on the opening deferred tax liabilities of 2008 due to decrease in tax rate, the profit after taxation for the first half of 2009 was 13.6% better than the corresponding period of last year.

Rental income from investment properties for the half-year ended 30 June 2009 amounted to HK\$60.2 million, up 9.1% from HK\$55.1 million for the corresponding period of last year. During the period under review, the Group's core properties recorded steady increase in rental yields.

The financial tsunami which was triggered by inter alia the collapse of a large investment bank in the United States of America in the later part of 2008 disrupted many economies around the world. Being an open economy and a free market, Hong Kong could not immune itself from such global financial shockwaves. The resultant impact of this financial crisis has been hitherto far from over and consequently a series of financial regulatory reforms and economic stimulus packages and incentives were promulgated by various major economies.

The market in the last six months could be described as rather volatile. At the beginning of the year, pessimism seemed to be proliferated amongst many businesses particularly the financial and insurance sectors. Worries over recession and tight credit market had brought about economic and business contraction. Hence downsizing of business operations and layoff of staff became frequent news in the headlines. To add frost to snow, the outbreak of swine flu during the period poised additional challenges to many businesses, travel and hotel industries in particular. Nonetheless, entering into the second quarter, the financial stimulus packages and quantitative easing in monetary policy adopted by many leading economies seemed to have taken effect in slowing the pace of economic downturn. Moreover, in anticipation of inflation due to quantitative easing in monetary policy, coupled with all time low interest offerings, investors again poured their funds into the capital, financial and real estate markets which helped these sectors to leap out first from the financial tsunami.

Management Discussion and Analysis

Business Review *(continued)*

Although there have been positive signs for supporting gradual recovery of our economy from the financial tsunami, many businesses were still struggling and the local unemployment has risen to the current level of 5.4%. Under such backdrop of difficult market environment, the Group still managed to deliver a relatively satisfactory interim result to our shareholders and is pleased to report that the performance of its investment which primarily consists of prime commercial properties recorded steady growth during the first half of 2009. Whilst the management successfully achieved an overall rental growth for its properties during the first half of 2009, the occupancy rate somehow slid slightly below 90%. Such relatively high tenancy turnover as compared with prior year, which we hoped to be short-lived was not unexpected as some of the tenants were inevitably forced to move out to less prominent locations to save cost. Market adjustment though might pose challenges to some but many might see it as an opportunity. That explained why a number of quality tenants had still been attracted to our property portfolio at times of volatile market in the past few months. These include luxurious brands Hublot watch, Corum watch and Prince Jewellery and Watch Company. Favourable locations, appropriate market positioning of properties, and provision of comprehensive quality in-house professional management services to our tenants were key factors in achieving such relatively pleasing result.

The Group's investment property portfolio was independently valued at the end of the period resulting in a revaluation surplus of HK\$147.5 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\$77.4 million (2008: HK\$71.4 million), an increase of 8.5% 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.

Management Discussion and Analysis

Prospects

The Group is cautiously optimistic that Hong Kong will be among those few regions that can emerge first from the financial crisis in the coming quarters. The financial stimulus packages and quantitative easing in monetary policy have gradually taken effect in slowing and even reversing the economic downturn. For real estate sector, there are some positive indicators to show that equity value for luxurious property is back to pre-crisis level.

Optimism seems to be prevalent in the market that economic revival is near term, at least to real estate, financial and capital markets. It is generally anticipated that satisfactory interim results will be recorded by various multi-national corporations and financial institutions. With more influx of funds, credit market will become more relaxed which will in term benefit virtually all businesses.

However, real and sustainable growth of our economy is yet to be confirmed. Many challenges still lie ahead for a full economic recovery although equally, there are not without opportunities. Hong Kong is expected to benefit by developing its closer co-operation with its neighbouring cities in the Pearl River Delta to form a new financial hub for the whole of China. With the rapid expansion of consumer market and rising number of middle class in the Mainland, there will be more opportunities for a great variety of cross-border trades. Moreover, there is a growing demand for bundling Macau, Taiwan, Hong Kong and cities in the Pearl River Delta into various forms of travel package and this demand if fully developed will certainly give rise to enormous business opportunities for hospitality industries in the region.

To cope with the anticipated growing demand from gradual economic recovery in the near term, as well as to augment the competitiveness, the Group has taken the initiative of upgrading our property in Tsimshatsui district, the design scheme of which has been well received by interested prospective tenants. It is encouraging to see that whilst the upgrading work is being undertaken, some of the interests have already been translated into actual leasing commitments. The Group will therefore continue to seek ways to sharpening our competitive edge by improving our hardware and software, both of which are crucial in attracting and retaining quality tenants in our properties. On the other hand, we will not spare our effort in exploring good investment opportunities in the local and the Mainland markets in order to enhance sustainable corporate earnings for our shareholders. In doing so, we shall be cautious and to adopt prudent approach for our investments to safeguard the interest of shareholders.

Management Discussion and Analysis

Financing and Liquidity

The Group's financial expenses for the period amounted to HK\$4.1 million, decreased by 58.5% from HK\$9.8 million as compared to the same period last year as average interest rate was significantly lower in the first half of 2009 than the prior period.

The gearing ratio, which is calculated as the ratio of net bank borrowings to shareholders' funds, was 13.9% (31 December 2008: 15.4%). As at 30 June 2009, the total bank borrowing has decreased to HK\$495.3 million from HK\$503.9 million at end of 2008. Certain investment properties with aggregate carrying value of HK\$2,512.0 million (31 December 2008: HK\$2,363.0 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\$160.0 million is repayable and renewable within one year.

The following is the maturing profile of the Group's bank borrowings as of 30 June 2009:

Within one year	43.9%
In the second year	56.1%
Total	100.0%

As at 30 June 2009, the Group's cash and cash equivalents was HK\$46.2 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.

Contingent Liabilities

As at 30 June 2009, the Company has executed guarantees totaling HK\$1,135.9 million (31 December 2008: HK\$1,164.5 million), with respect to banking facilities made available to its subsidiaries, of which HK\$495.3 million were utilised (31 December 2008: HK\$503.9 million).

Management Discussion and Analysis

Staff

As at 30 June 2009, the Group had 36 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 2009 (2008: 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 2009, 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 Interest of spouse	50,000 <u>40,000</u>	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	155,254,432 ²	43.92%

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 (an indirect wholly owned subsidiary of the Company) held 155,254,432 shares in The Cross-Harbour (Holdings) Limited. 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 2009, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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.

No option lapsed and no option was granted, exercised or cancelled during the period; 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 2009, 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	Approximate % of shareholding
Palin Holdings Limited	Interest of controlled corporation	273,000,000	34.14%
Chongqing Industrial	Interest of controlled corporation	273,000,000	34.14%
Yugang	Interest of controlled corporation	273,000,000	34.14%
Yugang BVI	Interest of controlled corporation	273,000,000	34.14%
Funrise	Beneficial owner	273,000,000	34.14%

Note:

Each parcel of 273,000,000 shares represents the same shareholding interest of Funrise, a long position, and is duplicated in Mr. Cheung's interest in the Company's shares as set out on pages 8 and 9.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2009, 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 (the “Listing Rules”) as published by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

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.

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.

Other Information

Change in Information of Directors

Mr. Lee Ka Sze, Carmelo has been appointed an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance") with effect from 9 June 2009. Ping An Insurance is a public company the securities of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

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, 18 September 2009

Condensed Consolidated Income Statement

For the six months ended 30 June 2009

		Unaudited	
		Six months ended 30 June	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	2, 3	66,331	60,609
Direct outgoings		(4,450)	(4,581)
		61,881	56,028
Other income		248	442
Administrative expenses		(10,526)	(9,525)
Finance costs		(4,075)	(9,822)
Changes in fair value of investment properties		147,475	121,303
Share of results of an associate		77,442	71,397
		272,445	229,823
PROFIT BEFORE TAX	4	272,445	229,823
Tax	5	(30,795)	(16,043)
		241,650	213,780
PROFIT FOR THE PERIOD		241,650	213,780
Attributable to:			
Equity holders of the Company		241,701	213,827
Minority interests		(51)	(47)
		241,650	213,780
		241,650	213,780
EARNINGS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	6	HK30.2 cents	HK26.7 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Unaudited	
	Six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE PERIOD	241,650	213,780
OTHER COMPREHENSIVE INCOME/(LOSS):		
Share of changes in fair value of available-for-sale securities of an associate	7,040	(102,740)
Share of changes in fair value of other financial instruments of an associate	2,753	227
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	9,793	(102,513)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	251,443	111,267
Attributable to:		
Equity holders of the Company	251,494	111,314
Minority interests	(51)	(47)
	251,443	111,267

Condensed Consolidated Statement of Financial Position

30 June 2009	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	507	682
Investment properties	9	2,523,900	2,374,230
Interest in an associate		1,377,963	1,327,569
Other investments		793	793
Total non-current assets		<u>3,903,163</u>	<u>3,703,274</u>
CURRENT ASSETS			
Properties held for sale		1,136	1,136
Trade receivables	10	2,048	1,776
Other receivables, deposits and prepayments		8,234	8,808
Cash and bank balances		46,179	45,108
Total current assets		<u>57,597</u>	<u>56,828</u>
CURRENT LIABILITIES			
Trade payables	11	884	3,163
Other payables and accrued expenses		56,974	111,684
Bank loans, secured	12	217,200	197,200
Tax payable		6,225	1,785
Total current liabilities		<u>281,283</u>	<u>313,832</u>
NET CURRENT LIABILITIES		<u>(223,686)</u>	<u>(257,004)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,679,477</u>	<u>3,446,270</u>
NON-CURRENT LIABILITIES			
Bank loans, secured	12	278,100	306,700
Deferred tax liabilities		180,233	153,878
Total non-current liabilities		<u>458,333</u>	<u>460,578</u>
Net assets		<u>3,221,144</u>	<u>2,985,692</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	13	79,956	79,956
Reserves		3,141,473	2,889,979
Proposed final dividend		—	15,991
		<u>3,221,429</u>	<u>2,985,926</u>
Minority interests		<u>(285)</u>	<u>(234)</u>
Total equity		<u>3,221,144</u>	<u>2,985,692</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009 - 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	Investment 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	Minority interests HK\$'000	Total equity HK\$'000	
At 1 January 2009	79,956	95,738	1,350	1,800	1,321,935	(18,821)	(8,268)	1,496,245	15,991	2,985,926	(234)	2,985,692
Profit for the period	—	—	—	—	—	—	—	241,701	—	241,701	(51)	241,650
Other comprehensive income for the period	—	—	—	—	—	7,040	2,753	—	—	9,793	—	9,793
Total comprehensive income for the period	—	—	—	—	—	7,040	2,753	241,701	—	251,494	(51)	251,443
2008 final dividend declared and paid	—	—	—	—	—	—	—	—	(15,991)	(15,991)	—	(15,991)
At 30 June 2009	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>1,321,935*</u>	<u>(11,781)*</u>	<u>(5,515)*</u>	<u>1,737,946*</u>	<u>—</u>	<u>3,221,429</u>	<u>(285)</u>	<u>3,221,144</u>
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
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	6	6
Profit for the period	—	—	—	—	—	—	—	213,827	—	213,827	(47)	213,780
Other comprehensive income/(loss) for the period	—	—	—	—	—	(102,740)	227	—	—	(102,513)	—	(102,513)
Total comprehensive income/(loss) for the period	—	—	—	—	—	(102,740)	227	213,827	—	111,314	(47)	111,267
2007 final dividend declared and paid	—	—	—	—	—	—	—	—	(23,987)	(23,987)	—	(23,987)
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>

* These reserve accounts comprise the consolidated reserves of HK\$3,141,473,000 (31 December 2008: HK\$2,889,979,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Unaudited	
	Six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	33,131	45,969
Net cash (outflow)/inflow from investing activities	(7,469)	24,256
Net cash outflow from financing activities	(24,591)	(78,487)
Net increase/(decrease) in cash and cash equivalents	1,071	(8,262)
Cash and cash equivalents at 1 January	45,108	61,247
Cash and cash equivalents at 30 June	46,179	52,985
Analysis of balances of cash and cash equivalents		
Cash and bank balances	46,179	52,985

Notes to Interim Financial Statements

30 June 2009

1 Basis of Preparation and Accounting Policies

These unaudited condensed consolidated interim 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 of the Listing Rules. These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2008 and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA, except that the Group has in the current period applied, for the first time the following new and revised HKFRSs:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment - Vesting Conditions and Cancellations
HKFRS 7 Amendments	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

Notes to Interim Financial Statements

1 Basis of Preparation and Accounting Policies *(continued)*

Apart from the above, the Group has also adopted Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

* Improvements to HKFRSs contain amendments to HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated interim financial statements, except for the followings:

(a) HKFRS 8 Operating Segments

HKFRS 8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The adoption of HKFRS 8 did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments as previously identified under HKAS 14 Segment Reporting.

(b) HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. HKAS 1 (Revised) also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present in two linked statements.

Notes to Interim Financial Statements

1 Basis of Preparation and Accounting Policies *(continued)*

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited condensed consolidated interim financial statements.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items ¹
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 18	Transfer of Assets from Customers ²

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

² Effective for transfer of assets from customers received on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 January 2010.

In addition, improvements to HKFRSs were issued in May 2009 by HKICPA which contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, Appendices to HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for annual periods beginning on or after 1 July 2009 and no transitional provisions for amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

Notes to Interim Financial Statements

2 Segment Information

The Group manages its diversified businesses according to the nature of the business activities. Management has determined four reportable operating segments for measuring operating results and effectively allocating resources. The following are the four operating segments:

- (a) The property investment segment invests in properties for rental income and potential capital appreciation;
- (b) The property trading segment comprises trading of properties;
- (c) The property management and related services segment comprises the provision of property management and related technical consultancy services; and
- (d) The operation of driver training centres and tunnel operation and management segment refers to the Group's share of results of its associated company which is engaged in the operation and investment in driver training centres and tunnel operation and management.

Management monitors and evaluates the operating results of these business segments for the purpose of performance assessment and resource allocation.

Notes to Interim Financial Statements

2 Segment Information *(continued)*

	Unaudited				Consolidated HK\$'000
	Six months ended 30 June				
	Property investment HK\$'000	Property trading HK\$'000	Property management and related services HK\$'000	Operation of driver training centres and tunnel operation and management HK\$'000	
2009					
Segment revenue	<u>60,166</u>	<u>—</u>	<u>6,165</u>	<u>—</u>	<u>66,331</u>
Segment results	<u>195,002</u>	<u>(22)</u>	<u>4,098</u>	<u>—</u>	<u>199,078</u>
Finance costs					(4,075)
Share of results of an associate	—	—	—	77,442	<u>77,442</u>
Profit before tax					272,445
Tax					<u>(30,795)</u>
Profit for the period					<u>241,650</u>
2008					
Segment revenue	<u>55,136</u>	<u>—</u>	<u>5,473</u>	<u>—</u>	<u>60,609</u>
Segment results	<u>164,299</u>	<u>(20)</u>	<u>3,969</u>	<u>—</u>	<u>168,248</u>
Finance costs					(9,822)
Share of results of an associate	—	—	—	71,397	<u>71,397</u>
Profit before tax					229,823
Tax					<u>(16,043)</u>
Profit for the period					<u>213,780</u>

Notes to Interim Financial Statements

3 Revenue

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.

4 Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Depreciation	175	197
Outgoings in respect of other properties	34	33
Staff costs (including executive directors' remuneration):		
Wages and salaries	5,228	4,970
Pension scheme contributions	212	202
	<u>5,440</u>	<u>5,172</u>
Interest expenses	3,393	9,293
Interest income	(2)	(281)
	<u><u>3,391</u></u>	<u><u>8,912</u></u>

5 Tax

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Current - Hong Kong	4,440	1,826
Deferred	26,355	14,217
	<u>30,795</u>	<u>16,043</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Notes to Interim Financial Statements

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

The calculation of basic earnings per share for the period ended 30 June 2009 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$241,701,000 (2008: HK\$213,827,000) and the number of 799,557,415 (2008: 799,557,415) ordinary shares in issue during the period.

The diluted earnings per share amount for the periods ended 30 June 2009 and 2008 have not been disclosed as no diluting events existed during the periods.

7 Dividend

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2009 (2008: Nil).

8 Property, Plant and Equipment

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Net carrying amount at 1 January	682	1,043
Additions	—	25
Write-off	—	(6)
Depreciation provided during the period/year	(175)	(385)
Write-back of depreciation	—	5
	<u>507</u>	<u>682</u>
Net carrying amount at 30 June/31 December	<u>507</u>	<u>682</u>

Notes to Interim Financial Statements

9 Investment Properties

	30 June 2009 (Unaudited) <i>HK\$'000</i>	31 December 2008 (Audited) <i>HK\$'000</i>
Carrying amount at 1 January	2,374,230	2,315,900
Additions	2,195	8,309
Fair value adjustment	147,475	50,021
Carrying amount at 30 June/31 December	<u>2,523,900</u>	<u>2,374,230</u>

10 Trade Receivables

An aged analysis of the trade receivables at the period/year end date, based on the invoice date and net of provisions, is as follows:

	30 June 2009 (Unaudited) <i>HK\$'000</i>	31 December 2008 (Audited) <i>HK\$'000</i>
0 - 30 days	1,418	365
31 - 60 days	47	1,389
Over 60 days	583	22
	<u>2,048</u>	<u>1,776</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 within a 14-day period, respectively. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Notes to Interim Financial Statements

11 Trade Payables

An aged analysis of the trade payables at the period/year end date is as follows:

	30 June 2009 (Unaudited) <i>HK\$'000</i>	31 December 2008 (Audited) <i>HK\$'000</i>
0 - 30 days	884	2,193
31 - 60 days	—	970
	<u>884</u>	<u>3,163</u>

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

12 Bank Loans, Secured

	30 June 2009 (Unaudited) <i>HK\$'000</i>	31 December 2008 (Audited) <i>HK\$'000</i>
Bank loans are repayable as follows:		
Within one year	217,200	197,200
In the second year	278,100	126,700
In the third to fifth years, inclusive	—	180,000
	<u>495,300</u>	<u>503,900</u>
Amounts classified under current liabilities	<u>(217,200)</u>	<u>(197,200)</u>
Amounts classified under non-current liabilities	<u>278,100</u>	<u>306,700</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 2009 and the year ended 31 December 2008 were 1.35% and 3.19%, respectively.

Notes to Interim Financial Statements

12 Bank Loans, Secured *(continued)*

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\$2,512,000,000 (31 December 2008: HK\$2,363,000,000) 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.

13 Share Capital

Shares

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
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 2008: 799,557,415) ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

Notes to Interim Financial Statements

14 Operating Lease Arrangements

(a) As lessor

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

	30 June 2009 (Unaudited) <i>HK\$'000</i>	31 December 2008 (Audited) <i>HK\$'000</i>
Within one year	107,952	105,290
In the second to fifth years, inclusive	<u>100,728</u>	<u>79,810</u>
	<u><u>208,680</u></u>	<u><u>185,100</u></u>

(b) As lessee

At the period/year end date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 (Unaudited) <i>HK\$'000</i>	31 December 2008 (Audited) <i>HK\$'000</i>
Within one year	1,667	1,667
In the second to fifth years, inclusive	<u>139</u>	<u>972</u>
	<u><u>1,806</u></u>	<u><u>2,639</u></u>

Notes to Interim Financial Statements

15 Commitments

At the period/year end date, the Group had capital commitments in respect of investment properties as follows:

	30 June 2009 (Unaudited) <i>HK\$'000</i>	31 December 2008 (Audited) <i>HK\$'000</i>
Contracted, but not provided for	3,151	967
Authorised, but not contracted for	17,223	20,635
	<u>20,374</u>	<u>21,602</u>

16 Contingent Liabilities

The Company has executed guarantees totaling HK\$1,135,876,000 (31 December 2008: HK\$1,164,476,000), with respect to banking facilities made available to its subsidiaries, of which HK\$495,300,000 were utilised as at 30 June 2009 (31 December 2008: HK\$503,900,000).

Notes to Interim Financial Statements

17 Related Party Transactions

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

	Notes	Unaudited	
		Six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
Rental charges paid to a related company	(i)	—	498
Administrative staff costs paid to a shareholder	(ii)	525	508
		<u>525</u>	<u>508</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 sub-lease agreement commenced on 1 August 2005 and expired 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	
	2009	2008
	HK\$'000	HK\$'000
Short term employee benefits	1,904	1,784
Post-employment benefits	95	89
	<u>1,999</u>	<u>1,873</u>
Total compensation paid to key management personnel	<u>1,999</u>	<u>1,873</u>

18 Approval of the Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved by the board of directors on 18 September 2009.