渝太地產集團有限公司
Y. T. REALTY GROUP LIMITED
Stock Code : 75

2009 ANNUAL REPORT

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Lee Ka Sze, Carmelo
Wong Yat Fai

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ng Kwok Fu
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AUDIT COMMITTEE

Luk Yu King, James *(Chairman)*
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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.

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AUDITORS

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The Bank of East Asia, Limited

LEGAL ADVISER

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Conyers Dill & Pearman

Hong Kong:
Woo, Kwan, Lee & Lo
Cheung, Tong & Rosa

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SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 75

CHAIRMAN'S STATEMENT

On behalf of the board of directors, I am pleased to report the following results and operations of the Group for the year ended 31 December 2009.

RESULTS

The audited consolidated net profit attributable to shareholders after tax for the year was HK$424.8 million and the earnings per share amounted to HK53.1 cents, as compared to net profit of HK$170.8 million and the earnings per share of HK21.4 cents for the year ended 31 December 2008. The net profit attributable to shareholders after tax for 2009 represents a 148.7% increase from 2008.

DIVIDENDS

The directors recommend the payment of a final dividend of HK2.5 cents per share for the year ended 31 December 2009, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. No interim dividend was paid during the year. In respect of the preceding year, a final dividend of HK2.0 cents per share was paid and no interim dividend was declared.

NET ASSET VALUE

The consolidated net asset value per share of the Group as at 31 December 2009 was HK$4.26 based on the 799,557,415 shares in issue, an increase of approximately 14.1%, as compared to HK$3.73 per share based on 799,557,415 shares in issue as at 31 December 2008.

BUSINESS REVIEW

The Group's net profit attributable to shareholders for the year was HK$424.8 million as compared to the net profit of HK$170.8 million in 2008, representing a 148.7% increase from 2008. The overall performance of the Group had improved in various key aspects as compared to the preceding year. During 2009, overall revenue increased by 10.0%, financial expenses decreased by 59.4%, contribution from associated company increased by 117.5% as compared to the preceding year. In addition, fair value gain in the Group's investment properties increased substantially when compared with 2008 as the property market had improved in 2009. Excluding the effect of property revaluation and its related deferred tax, the Group recorded a net profit increase of 52.7% over 2008. Revenue for the year increased by 10.0% to HK$136.8 million as compared to HK$124.3 million reported in 2008. The increase in overall revenue was primarily due to increase in rental income.

Revaluation of the Group's portfolio of properties resulted in a surplus of HK$272.4 million (2008: HK$50.0 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 year was HK$128.0 million (2008: HK$58.8 million), an increase of 117.5% from last year. 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.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW *(continued)*

Property Business

The Group's major investment properties include:

Century Square
Prestige Tower

Gross rental income for the year amounted to HK$124.3 million which represents an increase of about 9.0% when compared with last year's rental income of HK$114.1 million. The increase in rental income in 2009 was due to the increase in rental rates as well as improvement in occupancy rates of the Group's investment properties.

The global economy particularly the Asia Pacific Region recorded a sharp rebound during the past financial year. The concerted efforts by all governments of major global economies in introducing quantitative monetary easing policies and financial stimulus packages reaped some initial successes in rescuing the financial market from further dipping and to some extent restoring market confidence. Banking sector alongside many multi-national conglomerates were able to announce positive results during the last financial year and such phenomenon was scarcely noticed since the outbreak of financial tsunami in later part of 2008. Renowned for its resilience, Hong Kong was amongst a few leading cities in Asia who successfully emerged out first from the economic downturn. Many listed entities and influential corporations in our Stock Exchange were able to meet market expectation to report satisfactory results for the passing year.

Against this backdrop of economic recovery, the Group is pleased to report that during the financial year under review our business performed exceptionally well with double digits growth in revenue and net profit up by over 148%. The occupation rate of the Group's property portfolio which is mainly of commercial and retail nature, exceeded 98% at the end of last year. We ascribe such encouraging results to robust economic activities and strong retail consumption which were brought about by both influx of visitors from the Mainland and foreign capital from around the globe resulting in a very favourable low interest market environment. All these positive external factors coupled with our sustainable building improvement programmes which we implemented for our properties last year, helped not only to improve occupancy rate in properties and hence increased rental revenue but to attract quality tenants to join our property portfolio. Amongst those popular brands joining our quality tenant array last year were Corum Watch, Prince Jewellery and Watch Shop, Donna Moda and Pompei fashion retailers.

In conclusion, the Group was able to deliver a satisfactory result to its shareholders for the last financial year to meet, if not exceed, market expectation. Enduring efforts will continue to be made by the management in enhancing services to our tenants and their clients to ensure satisfactory performance of our core property investment will continue to be achieved in the years to come.

FINANCING AND LIQUIDITY

Financial expenses for the year ended 31 December 2009 amounted to HK$7.6 million (2008: HK$18.8 million), a 59.4% decrease as compared to last year. The substantial decrease in financial expenses was primarily the result of lower interest rates in 2009 as compared to last year. As at the end of 2009, the bank loan balance was HK$466.7 million (2008: HK$503.9 million).

The bank loans are secured by mortgages on certain investment properties with an aggregate carrying value of HK$2,641.0 million (2008: HK$2,363.0 million) and the assignment of rental income from these properties.

The following is the maturing profile of the Group's bank borrowings as of 31 December 2009:

Within one year	44.2%
In the second year	43.5%
In the third to fifth years, inclusive	12.3%
	100.0%

The gearing ratio, which is calculated as the ratio of the net bank borrowings to shareholders' funds, was 11.7% (2008: 15.4%). Revolving loans with outstanding balance of HK$160.0 million will be renewable within the next financial year. The sum of term loan instalment payments repayable within one year is HK$46.2 million which will be serviced mainly by the Group's rental income.

At the end of 2009, the Group's cash and cash equivalents was HK$66.9 million. With its cash, available banking facilities and recurring rental income, the Group has sufficient resources to meet foreseeable funding needs for its working capital and capital expenditure.

Since 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.

PROSPECTS

The Group is cautiously optimistic about the economic outlook for Hong Kong, the Mainland China as well as other developed and emerging markets in the world at large in the coming year. The large influx of foreign capital in the last twelve months has inevitably pushed up the asset and capital value and investors hence will become more cautious in pursuing investment decisions. On the other hand, fearing asset bubble to expand and ultimately burst, authorities in Hong Kong and the Mainland have taken controlling steps in curbing the overheated economy, particularly in the property market where substantial speculative funds have been drawn into. Moreover, various governments which have injected large capital into the financial and banking sectors in the past year are contemplating various exit strategies. All of these protective measures which undoubtedly are good for the long run will inevitably bring about short term market adjustment and consolidation.

PROSPECTS *(continued)*

Fortunately, the Mainland which Hong Kong has close tie with is expected to continue achieving strong economic growth. Moreover, Hong Kong has already forged closer collaboration with cities in the Pan Pearl River Delta Region. This partnership development will provide ample opportunities for Hong Kong on many business fronts. This close working relationship with neighbouring cities together with the staunch support from Central Government will strengthen Hong Kong as a global financial centre, regional asset management centre as well as an offshore centre for Renminbi.

Furthermore, the Hong Kong Government has already commissioned its mega infrastructure projects for the coming years, most notable of which will be the construction of a mega bridge linking Hong Kong, Macau and Zhuhai as well as the Hong Kong's high speed railway linking Hong Kong with the Mainland's national network. These major investments not only create ample business and employment opportunities for many but will better connect Hong Kong with its flourishing cities in the Mainland.

The Group will capture these opportunities to explore and pursue business expansion in an usual cautious manner, whilst extra effort will be made to strengthen existing investment return. These include boosting marketing endeavours to expand client base and enhance services to tenants to reinforce loyalty. The prime objective of these extra endeavours is to ensure stable revenue stream from our core business and property portfolio for sustainable business growth and delivery of satisfactory financial results to shareholders.

STAFF

As at 31 December 2009, the Group employed a staff of 37 members. 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.

APPRECIATION

I would like to take this opportunity to thank our shareholders and business partners for their continuing support, and the Group's dedicated management and staff for their valuable contributions during the past year.

Cheung Chung Kiu
Chairman

Hong Kong, 26 March 2010

EXECUTIVE DIRECTOR

Cheung Chung Kiu, aged 45, was appointed Chairman of the Company on 28 September 2000. Mr. Cheung was born and educated in Chongqing. He set up Chongqing Industrial Limited ("Chongqing Industrial", a company engaged mainly in the trading business in the PRC) in 1985. He is the founder and chairman of Yugang International Limited ("Yugang"), chairman of The Cross-Harbour (Holdings) Limited ("Cross-Harbour") and C C Land Holdings Limited ("C C Land"), all being listed public companies in Hong Kong. He is director of Palin Holdings Limited, Chongqing Industrial, Yugang International (B.V.I.) Limited ("Yugang BVI") and Funrise Limited ("Funrise") which, together with Yugang, are companies disclosed in the section headed "Interests and Short Positions of Shareholders" on page 27.

Wong Chi Keung, aged 54, was appointed Managing Director of the Company on 10 January 2000. Mr. Wong holds a doctoral degree in business and is member of Hong Kong Institute of Housing, Chartered Institute of Housing, and the Chinese People's Political Consultative Conference, Nanning City, Guangxi. He is fellow of Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors, an honorary fellow of Guangxi Academy of Social Science and vice chairman of Officers' Club, Hong Kong Auxiliary Medical Services. He has held various senior executive positions with some of Hong Kong's leading property companies and property consultant firms for the past 30 years, and has taken an active role in public and voluntary services. He is an executive director of Cross-Harbour and an independent non-executive director of Water Oasis Group Limited, both being listed public companies in Hong Kong.

Yuen Wing Shing, aged 63, was appointed Executive Director of the Company on 28 September 2000. Mr. Yuen holds a diploma in management studies from The Hong Kong Polytechnic University. Prior to joining the Company, he had held senior management positions with a major bank in Hong Kong for over 20 years. He is the managing director of Yugang, an executive director of Cross-Harbour and a non-executive director of Silver Grant International Industries Limited, all being listed public companies in Hong Kong. He is director of Yugang BVI and Funrise.

Tung Wai Lan, Iris, aged 44, was appointed Executive Director of the Company on 28 September 2000. Ms. Tung holds a master of philosophy degree from The Chinese University of Hong Kong. She is an executive director of Cross-Harbour.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Lee Ka Sze, Carmelo, aged 49, was appointed Independent Non-executive Director of the Company on 28 September 2000 and re-designated Non-executive Director of the Company on 30 September 2004. Mr. Lee received his bachelor of laws degree and postgraduate certificate in laws from The University of Hong Kong. He is qualified as a solicitor in Hong Kong, England and Wales, Singapore and the Australian Capital Territory. Mr. Lee is a deputy chairman of the Listing Committee of The Stock Exchange of Hong Kong Limited, and serves as an adjudicator of the Registration of Persons Tribunal and a chairman of the Transport Tribunal of the Hong Kong SAR Government, as well as a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants. He is independent non-executive director of KWG Property Holding Limited and Ping An Insurance (Group) Company of China, Ltd. and non-executive director of China Pharmaceutical Group Limited, Hopewell Holdings Limited, Safety Godown Company, Limited, Termbray Industries International (Holdings) Limited, Yugang and Cross-Harbour, all being listed public companies in Hong Kong. He is a partner at Messrs. Woo, Kwan, Lee & Lo, legal advisers to Yugang, Cross-Harbour and the Company.

Wong Yat Fai, aged 50, was appointed Independent Non-executive Director of the Company on 30 September 2004 and re-designated Non-executive Director of the Company on 1 October 2007. Mr. Wong holds a professional diploma in banking from The Hong Kong Polytechnic University. He has over 13 years of experience working with an international banking group. He is an executive director of GR Vietnam Holdings Limited and non-executive director of Yugang, Cross-Harbour and C C Land, all being listed public companies in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ng Kwok Fu, aged 38, was appointed Independent Non-executive Director of the Company on 30 September 2004. Mr. Ng holds a certificate in accounting from Grant MacEwan Community College, Canada. He has over 20 years of experience in the marketing, trading, purchasing and developing of construction materials and in technical control, support and management in building projects. He is independent non-executive director of Yugang and Cross-Harbour.

Luk Yu King, James, aged 55, was appointed Independent Non-executive Director of the Company on 10 September 2007. Mr. Luk graduated from The University of Hong Kong with a bachelor of science degree. He is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and an ordinary member of Hong Kong Securities Institute. He has over 10 years of experience in corporate finance and in securities & commodities trading business working with international and local financial institutions. He is independent non-executive director of Yugang and Cross-Harbour.

INDEPENDENT NON-EXECUTIVE DIRECTOR *(continued)*

Leung Yu Ming, Steven, aged 50, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung received his bachelor of social science degree from The Chinese University of Hong Kong and master degree in accountancy from Charles Sturt University, Australia. He is an associate of The Institute of Chartered Accountants in England and Wales, and fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong. Mr. Leung is a certified practising accountant of CPA Australia and a practising certified public accountant in Hong Kong. He commenced public practice in auditing and taxation in 1990 and is currently senior partner in a CPA firm. Apart from accounting and taxation, he has over 24 years of experience in assurance, financial management and corporate finance, including working as assistant vice president with Nomura International (Hong Kong) Limited, International Finance and Corporate Finance Department. He is independent non-executive director of Suga International Holdings Limited, Yugang, Cross-Harbour and C C Land, all being listed public companies in Hong Kong.

SENIOR MANAGEMENT

Vong Veng Kei, aged 49, was appointed Financial Controller of the Company on 1 February 2000. Mr. Vong graduated from University of Hawaii at Manoa, USA with a master of accounting degree and is a member of the American Institute of Certified Public Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, he had held senior positions with a number of US and multinational companies where he amassed experience in accounting, corporate finance and taxation.

Lui Lau Wing Lin, Sonia, aged 52, was appointed Senior Property Manager of the Company on 12 September 1996. Mrs. Lui holds a master degree in business administration from University of Ottawa, Canada and graduated from University of Hawaii at Manoa, USA. Mrs. Lui is experienced and well trained in marketing and leasing properties. Over the past 22 years, she has worked at senior managerial positions for a number of well-known international property consultant firms both in Hong Kong and in California, USA, and she is a licensed real estate broker in the State of California.

Lo Hung Sang, aged 48, was appointed Senior Property Manager of the Company on 1 August 1994 and is responsible for the Group's property technical division. Mr. Lo received his bachelor of engineering degree from University of Central Lancashire, England. He has worked for several property companies in the private sector and for the Government of Hong Kong for the past 26 years.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER VALUE

The Company is committed to upholding the principles of good corporate governance. These principles highlight an effective board, a sound internal control system as well as transparency and accountability. The board considers such commitment essential in balancing the interests of various stakeholders and the Company and its subsidiaries (the "Group") as a whole. The Company sees to it that the corporate governance agenda is focused on improving performance and not just bogged down in conformity and compliance.

CORPORATE GOVERNANCE PRACTICES

This report sets out the Company's application in the year to 31 December 2009 of the Code on Corporate Governance Practices (the "CG Code") set out within Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In the opinion of the board, the Company has complied with the principles and the relevant code provisions of the CG Code in all respects throughout the year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code (the "Securities Code") for directors' securities dealings (of which the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules as amended from time to time (the "Model Code") forms part) at least as exacting as the Model Code. Each director is given a copy of the Securities Code on appointment (or immediately after the adoption of the revised Securities Code) and thereafter notification, followed by a reminder, of each period during which directors are not allowed to deal under the Securities Code.

The Company has also adopted a code for relevant employees (within the meaning of the CG Code) regarding securities transactions on terms no less exacting than the required standard set out in the Model Code. Each relevant employee is given notification and reminder of each period during which relevant employees are not allowed to deal under the code.

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 Securities Code throughout the year.

BOARD OF DIRECTORS

The Company is governed by a board of directors which assumes responsibility for leadership and control of the Company. The directors are collectively responsible for promoting the success of the Company by directing and supervising its affairs. In discharging their duties, the directors exercise care, diligence and skill and act in good faith and in the best interests of the Group.

As at the date of this report, the board comprises the chairman, the managing director and two other executive directors; and five non-executive directors three of whom are independent non-executive directors. Brief biographical details, showing the balance of independence, skills, knowledge, experience and perspectives among directors and senior management, are given on pages 7 to 9.

All directors give the board and any committees on which they serve, if any, the benefits of diversity through regular attendance and active participation. Board meetings are held four times a year and additionally as needed to discharge the board duties effectively. Regular scheduled meetings are also held by the board committees to discharge their duties effectively. Non-executive directors attend general meetings whenever possible, and develop a balanced understanding of the views of shareholders.

Apart from the annual general meeting, the board met on four occasions at approximately quarterly intervals during 2009. All directors had perfect attendance at such meetings.

	No. of meetings attended / held
Executive Director	
Cheung Chung Kiu *(Chairman)*	4/4
Wong Chi Keung *(Managing Director)*	4/4
Yuen Wing Shing	4/4
Tung Wai Lan, Iris	4/4
Non-executive Director	
Lee Ka Sze, Carmelo[1]	4/4
Wong Yat Fai[2]	4/4
Independent Non-executive Director	
Ng Kwok Fu[1]	4/4
Luk Yu King, James[2]	4/4
Leung Yu Ming, Steven[2]	4/4

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(continued)*

Notes:

1 The term of office for Mr. Lee Ka Sze, Carmelo and Mr. Ng Kwok Fu is approximately three years, commencing 15 May 2009 and ending at the close of the annual general meeting in 2012.

2 The term of office for Mr. Wong Yat Fai, Mr. Luk Yu King, James and Mr. Leung Yu Ming, Steven is approximately three years, commencing 2 May 2008 and ending at the close of the annual general meeting in 2011.

3 Non-executive directors are subject to retirement by rotation and re-election, notwithstanding any contractual or other terms of appointment or engagement on which they are appointed or engaged, in such manner as is from time to time prescribed by law or the Company's bye-laws.

It is the board's role and responsibility to balance broader stakeholder interests and those of the Group. The board sets the business strategy of the Group and monitors its development in pursuit of such objective.

The board, led by the chairman, is accountable to shareholders for the management of the Company. It appoints and delegates all other matters to management while reserving certain decisions and actions for itself and performing them effectively. The managing director in turn delegates aspects of the management and administration functions to senior executives who report directly to him on a regular basis.

The functions of the board revolve around management and policy matters. Matters that are specifically reserved for decision by the board include the following: board and senior management; relations with the members and stakeholders; financial matters; business strategy; capital expenditures; lease or purchase of buildings; major transactions not included in the budget; actions or transactions involving legality or propriety; and internal control and reporting systems.

The directors acknowledge their responsibility for preparing the accounts and for presenting a balanced, clear and understandable assessment. Such responsibility extends to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The directors are also responsible for the integrity of financial information and for ensuring its timely disclosure. Arrangements are made which will allow them to be satisfied that the accounts are true and fair, which accurately disclose the financial position of the Company, and comply with statutory requirements and applicable accounting standards.

BOARD OF DIRECTORS *(continued)*

The board ensures the adequacy of the accounting systems and appropriateness in respect of the human resources for the financial reporting function. It is also the responsibility of the board to see to it that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The board has delegated authority for reviewing the financial controls, internal control and risk management systems of the Group to its audit committee. The audit committee receives an annual review report from management with regard to internal controls. The chairman of the audit committee reports on the review of internal controls and any matters arising to the board at the following board meeting. Using the above process, the duty to review internal controls is properly discharged.

In line with the requirements of the CG Code, the board scheduled an annual meeting in December 2009 to review the effectiveness of the system of internal control and an additional meeting in March 2010 for an update on the review. Each such review covered all material controls, including financial, operational and compliance controls and risk management functions; and gave due consideration to the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget. Nothing improper was noted on both occasions.

The Company has clearly established written policies and procedures applicable to all operational units regarding internal controls. When devising and reviewing such policies and procedures, it is recognised that the system of internal control is designed to assist the directors in obtaining reasonable assurance that problems are identified on a timely basis and dealt with appropriately. It is further recognised that the purpose of internal controls is to help manage and control, rather than eliminate, risks and as such internal control systems can only provide reasonable, and not absolute, assurance against misstatement or loss.

The Company has a process for identifying, evaluating, and managing significant risks to the achievement of its operational objectives. This process is subject to continuous improvement and was in place throughout 2009 and up to the date of this report. In formulating the risk management strategy, the board ensures that the risks facing the Company have been assessed, and that the policies for handling them are up to date and are being complied with. No significant control failings were reported during the year and up to the date of this report.

The board is supported in its decisions by three principal board committees, the executive committee, the remuneration committee and the audit committee.

The executive committee comprises all the executive directors from to time to time of the Company, the terms of reference of which have been duly authorised by the board and properly documented. The executive committee so established forms the core of the management team, with additional members from the second line of management.

BOARD OF DIRECTORS *(continued)*

There is a written statement of the functions reserved for the board and those delegated to management, the latter of which are described below. These arrangements are reviewed on an annual basis to ensure that they remain appropriate to the needs of the Company.

In exercising its role over the management of the Company, the board is supported by management whose remit includes executing the business strategies and initiatives adopted by the board, considering and approving investments and divestments, and managing the Group's assets and liabilities in accordance with the policies and directives of the board. Management carry out a number of duties, specifically the preparation of annual and interim reports, the implementation and continued review of the systems of internal control and risk management, and compliance.

Besides the executive committee, the board has appointed the remuneration committee and the audit committee to deal with specific matters and advise the board or, where appropriate, decide on behalf of the board on such matters. Each committee has specific terms of reference that accord with the CG Code and are posted on the Company's website. The secretary of each appointed committee minutes all matters discussed or decided at each meeting and the work of each committee is reported to the board. Further information relating to the remuneration committee and the audit committee is provided in the remainder of this report.

The board and each director have separate and independent access to executives at all times. Management ensure that the board and its committees receive adequate information, board papers and related materials in a timely manner to enable them to make informed decisions. Such access rights extend to the secretary of the Company who regularly updates the board on governance and regulatory matters. Any director or board committee member, wishing to do so in furtherance of his or her duties, may seek through the chairman at the Company's expense such independent professional advice as may be recommended by the Company or as deemed fit by the independent non-executive directors provided that such approval may not be unreasonably withheld or delayed.

New directors, together with existing board members, are provided with the opportunity to visit the operating divisions and meet up with management to gain a proper understanding of the Group's business and operations. Each newly appointed director is given a package of materials comprising the latest quarterly management reports and annual and interim reports of the Company, as well as guidelines on directors' duties and corporate governance. In addition, the mini-library maintained by the company secretarial department, open to directors and senior management during office hours, is well stocked with corporate publications and all applicable rules, codes, ordinances and acts to the Group. Directors are welcome to borrow those materials and make copies of them.

The Company has in force appropriate insurance cover in respect of legal action against its directors and officers. The extent of insurance cover is reviewed on an annual basis.

CHAIRMAN AND MANAGING DIRECTOR

The positions of chairman and managing director are held by separate individuals with the defined roles of managing the board and managing the affairs of the Company respectively. The board considers that vesting the roles in different individuals is essential in ensuring a balance of power and authority and in upholding independence, accountability and responsibility with respect to the management of the Company. The division of responsibilities between the chairman and managing director has been clearly established and set out in writing.

The chairman provides leadership for the board, ensuring its effectiveness in all aspects of its role. The managing director, supported by the management team, provides planning and implementation.

The chairman ensures that all directors are properly briefed on issues arising at board meetings and that all key and appropriate issues are discussed by the board in a timely manner. Board meetings for each year are scheduled in advance to give all directors an opportunity to attend, and are structured to encourage open discussion. All board members are encouraged to update their knowledge of and familiarity with the Group through active participation at board meetings.

The chairman settles the agenda for each individual board meeting, taking into account any additional items proposed by the managing director and arising from current operating issues, as well as such other matters as may be raised by the other directors with him, who can include them on the agenda. The agenda and accompanying board papers are sent in full to all directors where possible at least 3 days before the time appointed for the meeting.

It is also the chairman's responsibility to control board meetings, to lead discussions to clear conclusions, and to satisfy himself that the secretary of the meeting has understood each conclusion reached. The secretary and financial controller of the Company attend board meetings to advise on corporate governance practices and accounting and financial matters, where appropriate.

Minutes of board meetings and meetings of board committees are kept by a duly appointed secretary of the meeting and open for inspection by any director. Draft and final versions of minutes of board meetings are sent to all directors for their comments and records respectively.

REMUNERATION OF DIRECTORS

The remuneration committee was established on 30 June 2005. This committee supports the board in reviewing and approving the general remuneration framework for directors and senior management. It is responsible to the board specifically for formulating and recommending remuneration policy and structure applicable to all directors and senior management, as well as for determining the specific remuneration packages of all executive directors and senior management and making recommendations on the remuneration of non-executive directors.

As at the date of this report, the remuneration committee comprises the chairman of the board, Mr. Cheung Chung Kiu who is also chairman of the committee, and two independent non-executive directors, Mr. Ng Kwok Fu and Mr. Leung Yu Ming, Steven.

The remuneration committee met once during 2009 with perfect attendance. No member took part in any discussion or decision concerning his own remuneration at the meeting.

	No. of meetings attended / held
Cheung Chung Kiu *(Chairman)*	1/1
Ng Kwok Fu	1/1
Leung Yu Ming, Steven	1/1

The remuneration policy is designed to ensure that the Company maintains competitive remuneration packages in order to recruit, retain and motivate high-calibre executives in the overall interests of shareholders. The remuneration package for executives comprises both fixed and variable elements, including salaries, discretionary bonuses (without capping), pension contributions and other incentive arrangements such as share options.

The emoluments received by every executive director and senior executive are subject to annual assessment and determined with reference to corporate and individual performance as well as remuneration benchmark in the industry and the prevailing market conditions.

For non-executive directors, the remuneration committee recommends the level of fees to be paid annually, based on market information, time commitment required and the level of responsibility undertaken. These recommendations are then put to a meeting of the board of directors for approval.

The remuneration committee is confident that the remuneration policy, which was applied in the year under review and is expected to be applied in future years and beyond, meets the corporate goals and objectives. At the annual meeting of the committee as noted above, members approved individual remuneration packages of the executive directors while delegating the responsibility to determine the remuneration packages of senior management to Mr. Cheung Chung Kiu and Mr. Yuen Wing Shing. In the view of the committee, the executive remuneration packages for 2009 were in line with the market.

Details of the directors' remuneration for 2009 are set out in note 8 to the financial statements.

NOMINATION OF DIRECTORS

The Company has no nomination committee the establishment of which is a recommended best practice under code provision A.4.4 of the CG Code. The full board participates in the selection of individuals nominated for directorships. When assessing the suitability of a candidate, the board takes into consideration factors such as time commitment, professional knowledge, expertise and industry experience, integrity and skill as well as whether s/he is able to demonstrate a competency standard commensurate with his or her position as a director of the Company.

In the case of independent non-executive directors, the candidate for office must also satisfy the independence criteria set out in rule 3.13 of the Listing Rules. In the view of the board, no independent non-executive director has any relationships that could materially interfere with his independent judgment. It is therefore the board's view that all independent non-executive directors currently sitting on the board are independent.

AUDITORS' REMUNERATION

Auditors' remuneration for the year amounted to HK$1.0 million.

AUDIT COMMITTEE

The audit committee was established on 7 May 1999 with reference to the guidelines issued by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the audit committee are amended from time to time as and when imposed by the Listing Rules.

The audit committee is tasked with the responsibility to monitor integrity of the Company's financial statements, interim and annual reports and accounts. It has also an oversight role over the Company's financial reporting function and internal control procedures, and to review and report to the board upon the same. The committee meets regularly, seeking to ensure that arrangements are in place for the staff to whistle-blow on financial reporting or other matters in so far as they may affect the Company, and to this end has unrestricted access to the management and auditors.

As at the date of this report, the audit committee is chaired by Mr. Luk Yu King, James, an independent non-executive director. Other members are Mr. Ng Kwok Fu and Mr. Leung Yu Ming, Steven who are independent non-executive directors, and Mr. Lee Ka Sze, Carmelo who is non-executive director.

AUDIT COMMITTEE *(continued)*

Regular meetings have been held by the audit committee since its inception. The committee met on three occasions during 2009 with perfect attendance.

	No. of meetings attended / held
Luk Yu King, James *(Chairman)*	3/3
Lee Ka Sze, Carmelo	3/3
Ng Kwok Fu	3/3
Leung Yu Ming, Steven	3/3

During the year, the audit committee reviewed the Company's interim and annual reports and accounts, paying attention to any changes in accounting policies and practices, major judgmental areas and significant adjustments resulting from audit; as well as the financial controls, internal control and risk management systems. The work and findings of the committee were reported to the board.

At the meeting convened exclusively for that purpose in December 2009, the audit committee reviewed the systems of accounting and internal financial control and risk management with reference to the findings of the annual review report (made up to 30 November 2009) prepared by the management. Management concluded, they were satisfied that the prevailing system was adequately in place to facilitate the effectiveness and efficiency of operations, to safeguard assets against unauthorised use and disposition, to ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, as well as to ensure compliance with relevant legislation and regulations. There revealed no significant areas of improvement which were required to be brought to the committee's attention. The committee discussed the review report in this regard and concurred with the conclusion reached.

At the meeting last held in March 2010, the audit committee discussed with the auditors matters relating to their audit fees and other issues arising from audit, and was satisfied in all respects, including the auditors' independence and objectivity and the effectiveness of the audit process. Management confirmed that since the date of the November 2009 report, there had been no changes in the nature and extent of significant risks which were required to be brought to the attention of the committee, nor were there any changes in the Company's activities, business or operating units and internal control procedures. Management also confirmed that the Company had maintained an effective internal control system and that there was no major issue regarding internal control procedures. As with the findings of the November 2009 report, the committee confirmed the adequacy and effectiveness of the Group's internal control system, including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function.

AUDIT COMMITTEE *(continued)*

The audit committee has recommended the re-appointment of Ernst & Young as auditors of the Company for 2010.

Recommendation was also made on the tabling of the 2009 accounts for adoption by the shareholders at the forthcoming annual general meeting.

CONCLUSION

In the opinion of the board, the Company has maintained good corporate governance practices throughout the accounting period covered by the annual report. The board shall continue to review such practices.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the Company and of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

During the year, the Company continued to be an investment holding company. The principal activities of its subsidiaries continued to be property investment, property trading, the provision of property management and related services and investment holding. Details of those activities are set out in note 34 to the financial statements.

Over 50% of the Group's revenue for the year was derived from its property rental business in Hong Kong. An analysis of the Group's performance for the year by operating segments is set out in note 4 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 31.

The directors recommend the payment of a final dividend of HK2.5 cents per share for the year ended 31 December 2009 which makes a total distribution of approximately HK$20.0 million for the year ended 31 December 2009 (2008: HK$16.0 million).

Subject to the shareholders' approval of the proposed final dividend at the forthcoming annual general meeting, it is expected that the final dividend will be paid on 4 June 2010 to shareholders registered on 24 May 2010. The member register and transfer books of the Company will be closed from 19 May 2010 to 24 May 2010, both days inclusive, in order to determine the proposed dividend entitlements.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

PRINCIPAL PROPERTIES

Particulars of the principal properties held by the Group are set out on page 91.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 34 to the financial statements.

ASSOCIATES

Particulars of the Group's interest in an associate are set out in note 17 to the financial statements.

SHARE CAPITAL

Movements in the share capital of the Company during the year are set out in note 25 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 34 and note 26 to the financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 December 2009, the Company's reserves available for distribution, calculated in accordance with the Companies Act (1981) of Bermuda (as amended), amounted to HK$1,950.8 million (2008: HK$1,617.3 million), of which HK$20.0 million (2008: HK$16.0 million) has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$95.7 million (2008: HK$95.7 million) may be distributed in the form of fully paid bonus shares.

BANK LOANS

The Group's bank loans, which comprise term loans and revolving credit facilities, are secured by certain properties held by the Group. An analysis of these borrowings is set out in note 23 to the financial statements. No interest was capitalised during the year.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 92. This summary does not form part of the audited financial statements.

REPORT OF THE DIRECTORS

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and revenue for the year attributable to the Group's major suppliers and customers, respectively, are as follows:

	2009	2008
	%	%
Purchases		
– the largest supplier	14	12
– the five largest suppliers combined	43	45
Revenue		
– the largest customer	19	21
– the five largest customers combined	42	46

None of the directors, their associates or any shareholders (which, to the knowledge of the directors, owns more than 5% of the Company's issued share capital) had an interest in the suppliers or customers noted above.

DIRECTORS

The directors serving for the year and up to the date of this report are listed on page 2.

In accordance with bye-law 87 of the bye-laws of the Company, Mr. Cheung Chung Kiu, Mr. Yuen Wing Shing and Mr. Wong Yat Fai retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The Company has received from each of its independent non-executive directors an annual confirmation of his independence and it still considers them to be independent.

CHANGE IN DIRECTORS' INFORMATION

Mr. Lee Ka Sze, Carmelo ("Mr. Carmelo Lee") was appointed as an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. on 9 June 2009 and resigned as a non-executive director of Taifook Securities Group Limited on 13 January 2010.

The updated information regarding Mr. Carmelo Lee is set out on page 8.

Apart from the foregoing, the Company has not been advised by directors of any changes in the information required to be disclosed pursuant to rule 13.51B(1) of the Rules Governing the Listing of Securities (the "Listing Rules") as published by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since implementation of the said rule.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its holding company, subsidiaries or fellow subsidiaries was a party in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the directors' emoluments and those of the five highest paid individuals in the Group are set out in notes 8 and 9 to the financial statements respectively.

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 31 December 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	50,000		
	Interest of spouse	40,000	90,000	0.01%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

(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%

Notes:

1 Mr. Cheung Chung Kiu ("Mr. C.K. 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. C.K. Cheung, Timmex Investment Limited (a company wholly owned by Mr. C.K. 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. C.K. Cheung, as to 30% by Prize Winner Limited (a company owned by Mr. C.K. 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. C.K. 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. C.K. 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 31 December 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 pursuant to the Code for Securities Transactions by Directors adopted by the Company on 24 March 2009.

SHARE OPTION SCHEME

On 29 April 2005, the Company adopted a share option scheme (the "Scheme") in order to comply with the requirements of Chapter 17 of the Listing Rules then in force. Details of the Scheme are given in the Company's circular dated 13 April 2005 (the "Scheme Circular").

A summary of the Scheme is set out below.

1.	Purpose	:	To provide the Group with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to, the participants and to serve such other purposes as the board may approve from time to time
2.	Participants	:	Any director (or any person proposed to be appointed as such, whether executive or non-executive), officer and employee (whether full-time or part-time) of each member of the Eligible Group (as defined in the Scheme Circular); any business consultant, professional and other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer and employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the board
3.	Total number of shares available for issue (% of issued share capital as at 26 March 2010)	:	79,955,741 shares (10%)
4.	Maximum entitlement of each participant	:	1% of the total number of shares in issue in any 12-month period
5.	Period within which the shares must be taken up under an option	:	To be determined by the board at its absolute discretion, such period to expire not later than ten years from the date of grant of the option
6.	Minimum period for which an option must be held before exercise	:	Nil (except for the achievement of any performance target(s) which may be imposed by the board on the grantee before an option can be exercised)

SHARE OPTION SCHEME *(continued)*

7.	Amount payable on application or acceptance of the option	:	HK$1.00
8.	Basis of determining the exercise price	:	The exercise price shall be a price solely determined by the board, such price being no less than the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (c) the nominal value of a share
9.	Remaining life	:	Until 28 April 2015

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

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from the Scheme noted above, at no time during the year was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangements whose objects are, or one of whose objects is, to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 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. C.K. Cheung's interest in the Company's shares as set out on pages 23 and 24.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 31 December 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 23 and 24.

RETIREMENT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme which covers 100% of the Group's employees. Particulars of the retirement scheme are set out in note 2.4(v) to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company maintained throughout the year the prescribed amount of public float under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in the Company during the year.

PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions in the Companies Act 1981 of Bermuda or in the bye-laws of the Company.

AUDITORS

The financial statements for the year have been audited by Ernst & Young, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the board

Cheung Chung Kiu
Chairman

Hong Kong, 26 March 2010

ERNST & YOUNG
安 永

To the shareholders of
Y. T. Realty Group Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Y. T. Realty Group Limited set out on pages 31 to 90, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY *(continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

26 March 2010

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	Notes	2009 *HK$'000*	2008 *HK$'000*
REVENUE	5	**136,800**	124,344
Direct outgoings		**(11,013)**	(9,338)
Cost of properties sold		**(862)**	—
		124,925	115,006
Other income	5	**525**	957
Administrative expenses		**(35,512)**	(32,089)
Finance costs	6	**(7,630)**	(18,770)
Changes in fair value of investment properties		**272,369**	50,021
Excess over the cost of acquisition of additional interest in an associate		**—**	6,174
Share of results of an associate		**127,960**	58,837
PROFIT BEFORE TAX	7	**482,637**	180,136
Income tax expense	10	**(57,942)**	(9,595)
PROFIT FOR THE YEAR		**424,695**	170,541
Attributable to:			
Equity holders of the Company	11	**424,751**	170,781
Minority interests		**(56)**	(240)
		424,695	170,541
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted earnings per share	13	**HK53.1 cents**	HK21.4 cents

Details of the dividends proposed for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Note	**2009**	2008
		HK$'000	*HK$'000*
PROFIT FOR THE YEAR		**424,695**	170,541
OTHER COMPREHENSIVE INCOME/(LOSS)			
Share of other comprehensive income/(loss) of an associate		**10,981**	(148,290)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**10,981**	(148,290)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**435,676**	22,251
Attributable to:			
Equity holders of the Company	*11*	**435,732**	22,491
Minority interests		**(56)**	(240)
		435,676	22,251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	372	682
Investment properties	15	2,654,900	2,374,230
Interest in an associate	17	1,420,354	1,327,569
Other investments	19	793	793
Total non-current assets		4,076,419	3,703,274
CURRENT ASSETS			
Properties held for sale	20	275	1,136
Trade receivables	21	2,293	1,776
Other receivables, deposits and prepayments		8,641	8,808
Cash and bank balances		66,934	45,108
Total current assets		78,143	56,828
CURRENT LIABILITIES			
Trade payables	22	725	3,163
Other payables and accrued expenses		75,839	111,684
Bank loans, secured	23	206,200	197,200
Tax payable		3,306	1,785
Total current liabilities		286,070	313,832
NET CURRENT LIABILITIES		(207,927)	(257,004)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,868,492	3,446,270
NON-CURRENT LIABILITIES			
Bank loans, secured	23	260,500	306,700
Deferred tax liabilities	24	202,615	153,878
Total non-current liabilities		463,115	460,578
Net assets		3,405,377	2,985,692
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	25	79,956	79,956
Reserves		3,305,722	2,889,979
Proposed final dividends	12	19,989	15,991
		3,405,667	2,985,926
Minority interests		(290)	(234)
Total equity		3,405,377	2,985,692

Wong Chi Keung
Director

Yuen Wing Shing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

		Attributable to equity holders of the Company											
	Note	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 dividends *HK$'000*	Total *HK$'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 year		–	–	–	–	–	–	–	424,751	–	424,751	(56)	424,695
Other comprehensive income for the year		–	–	–	–	–	7,377	3,604	–	–	10,981	–	10,981
Total comprehensive income for the year		–	–	–	–	–	7,377	3,604	424,751	–	435,732	(56)	435,676
2008 final dividends declared and paid		–	–	–	–	–	–	–	–	(15,991)	(15,991)	–	(15,991)
Proposed 2009 final dividends	12	–	–	–	–	–	–	–	(19,989)	19,989	–	–	–
At 31 December 2009		79,956	95,738*	1,350*	1,800*	1,321,935*	(11,444)*	(4,664)*	1,901,007*	19,989	3,405,667	(290)	3,405,377
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
Profit for the year		–	–	–	–	–	–	–	170,781	–	170,781	(240)	170,541
Other comprehensive loss for the year		–	–	–	–	–	(139,371)	(8,919)	–	–	(148,290)	–	(148,290)
Total comprehensive income/(loss) for the year		–	–	–	–	–	(139,371)	(8,919)	170,781	–	22,491	(240)	22,251
Capital contribution from minority shareholders		–	–	–	–	–	–	–	–	–	–	6	6
2007 final dividends declared and paid		–	–	–	–	–	–	–	–	(23,987)	(23,987)	–	(23,987)
Proposed 2008 final dividends	12	–	–	–	–	–	–	–	(15,991)	15,991	–	–	–
At 31 December 2008		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

* These reserve accounts comprise the consolidated reserves of HK$3,305,722,000 (2008: HK$2,889,979,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations	27	93,453	106,122
Interest paid		(6,467)	(18,495)
Hong Kong profits tax paid		(7,720)	(3,360)
Hong Kong profits tax refunded		36	8
Net cash flows from operating activities		79,302	84,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		5	531
Dividends received from an associate		46,156	44,476
Renovation of investment properties		(8,301)	(8,309)
Acquisition of additional interest in an associate		(42,119)	—
Purchases of items of property, plant and equipment		(26)	(25)
Net cash flows (used in)/from investing activities		(4,285)	36,673
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		20,000	—
Repayment of bank loans		(57,200)	(113,100)
Dividends paid		(15,991)	(23,987)
Net cash flows used in financing activities		(53,191)	(137,087)
Net increase/(decrease) in cash and cash equivalents		21,826	(16,139)
Cash and cash equivalents at 1 January		45,108	61,247
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		66,934	45,108
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		66,934	45,108

STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Interests in subsidiaries	*16*	**2,127,047**	1,793,306
CURRENT ASSETS			
Other receivables		**90**	332
Tax recoverable		**—**	19
Cash and bank balances		**777**	779
Total current assets		**867**	1,130
CURRENT LIABILITIES			
Other payables		**1,413**	1,427
Tax payable		**1**	—
Total current liabilities		**1,414**	1,427
NET CURRENT LIABILITIES		**(547)**	(297)
Net assets		**2,126,500**	1,793,009
EQUITY			
Issued share capital	*25*	**79,956**	79,956
Reserves	*26*	**2,026,555**	1,697,062
Proposed final dividends	*12*	**19,989**	15,991
Total equity		**2,126,500**	1,793,009

Wong Chi Keung
Director

Yuen Wing Shing
Director

1 CORPORATE INFORMATION

Y. T. Realty Group Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Rooms 3301-07, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the Group was involved in the following principal activities:

(a) Property investment and trading;

(b) Provision of property management and related services; and

(c) Investment holding.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

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	Amendments to HKFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 Revenue - Determining whether an entity is acting as a principal or as an agent
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 - Embedded Derivatives
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
HK(IFRIC)-Int 18	Transfers of Assets from Customers (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in Improvements to HKFRSs 2009 (as issued in May 2009).

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(continued)*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are showed in note 4 to these financial statements.

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

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two linked statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters[2]
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions[2]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation - Classification of Rights Issues[3]
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary[1]
HK Interpretation 4 (Revised in December 2009)	Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases[2]

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

(b) Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill arising from the acquisition of associates is included as part of the Group's interests in associates and is not individually tested for impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Goodwill

Goodwill arising on the acquisition of associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(d) Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties held for sale, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Impairment of non-financial assets other than goodwill *(continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

(e) Related parties

A party is considered to be related to the Group if:

(i) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a jointly-controlled entity;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Office equipment, furniture and fixtures	15%
Computer software	20%
Motor vehicles	20%
Computer equipment	33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(g) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Investment properties *(continued)*

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

(h) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. The cost includes the cost of land, all development expenditure and other direct costs attributable to such properties. Net realisable value is determined by reference to prevailing market prices on an individual property basis.

(i) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

(j) Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation and the loss arising from impairment is recognised in the income statement.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Investments and other financial assets *(continued)*

Available-for-sale financial investments (continued)

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

(k) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement;
- and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Derecognition of financial assets *(continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(l) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Impairment of financial assets *(continued)*

Financial assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effect interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Impairment of financial assets *(continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and bank loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement

(n) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Hedging

Financial instruments entered into by an associate is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss of its associate.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to profit or loss of its associate in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss of its associate in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss.

The Group only shares the profit or loss arising from the fair value changes arising from the associate's derivative financial instruments in the Group's equity or income statement.

(p) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

(r) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less any bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

(s) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) sale of properties and property interest, on the execution of legally binding contracts of sale;

(ii) rental income from properties, in the period in which the properties are let and on the straight-line basis over the lease terms;

(iii) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;

(iv) dividend income, when the shareholders' right to receive payment has been established; and

(v) property management revenue, when the services are rendered.

(v) Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Employee benefits *(continued)*

Share-based payment transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Pension scheme

The Group operates to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. The Group's contributions under the MPF Scheme are charged to the income statement as incurred. The amount of the Group's contributions is based on specified percentages of the basic salaries of employees. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

(w) Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2009 was HK$266,924,000 (2008: HK$266,924,000). More details are given in note 18.

Investment properties

The fair values of the Group's investment properties are determined by independent valuers on an open market, existing use basis. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate capitalisation rates. Relevant estimates are regularly compared to actual market data.

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its business activities and has four reportable operating segments as follows:

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

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

(c) The property management and related services segment comprises the provision of property management and related technical consultancy services; and

(d) The operation of driver training centres and tunnel operation and management segment refers to the Group's share of results of its associate which is engaged in the operation and investment in driver training centres and tunnel operation and management.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss). The adjusted profit/(loss) is measured consistently with the Group's profit/(loss) except that finance costs and head office tax expense/(credit) are excluded from such measurement.

Segment assets exclude other investments, cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude bank loans and head office tax payable as these liabilities are managed on a group basis.

4 OPERATING SEGMENT INFORMATION *(continued)*

Group
2009

	Property investment *HK$'000*	Property trading *HK$'000*	Property management and related services *HK$'000*	Operation of driver training centres and tunnel operation and management *HK$'000*	Consolidated *HK$'000*
Segment revenue	124,332	750	11,718	—	136,800
Segment results	354,320	(160)	8,147	—	362,307
Finance costs					(7,630)
Share of results of an associate	—	—	—	127,960	127,960
Profit before tax					482,637
Income tax expense	(57,104)	—	(815)	—	(57,919)
Unallocated income tax expense					(23)
Profit for the year					424,695
Assets and liabilities					
Segment assets	2,665,036	496	949	—	2,666,481
Interest in an associate	—	—	—	1,420,354	1,420,354
Unallocated assets					67,727
Total assets					4,154,562
Segment liabilities	260,303	21	22,146	14	282,484
Unallocated liabilities					466,701
Total liabilities					749,185
Other segment information:					
Capital expenditure	8,301	—	26	—	8,327
Depreciation	—	—	336	—	336
Changes in fair value of investment properties	272,369	—	—	—	272,369

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31 December 2009

4 OPERATING SEGMENT INFORMATION *(continued)*

Group

2008

	Property investment *HK$'000*	Property trading *HK$'000*	Property management and related services *HK$'000*	Operation of driver training centres and tunnel operation and management *HK$'000*	Consolidated *HK$'000*
Segment revenue	114,111	—	10,233	—	124,344
Segment results	126,776	(42)	7,161	—	133,895
Finance costs					(18,770)
Excess over the cost of acquisition of additional interest in an associate	—	—	—	6,174	6,174
Share of results of an associate	—	—	—	58,837	58,837
Profit before tax					180,136
Income tax expense	(9,127)	—	(675)	—	(9,802)
Unallocated income tax credit					207
Profit for the year					170,541
Assets and liabilities					
Segment assets	2,384,643	1,151	838	—	2,386,632
Interest in an associate	—	—	—	1,327,569	1,327,569
Unallocated assets					45,901
Total assets					3,760,102
Segment liabilities	208,962	16	19,432	42,119	270,529
Unallocated liabilities					503,881
Total liabilities					774,410
Other segment information:					
Capital expenditure	8,309	—	25	—	8,334
Depreciation	—	—	385	—	385
Changes in fair value of investment properties	50,021	—	—	—	50,021

4 OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	Group	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**136,800**	124,344

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

(b) Non-current assets

	Group	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**4,067,309**	3,695,851
Mainland China	**8,317**	6,630
	4,075,626	3,702,481

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

Information about a major customer

Revenue of approximately HK$24,035,000 (2008: HK$24,036,000) was derived from a single customer under the property investment segment.

5 REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Revenue		
Rental income from investment properties	**124,332**	114,111
Income from property management and related services	**11,718**	10,233
Sale of properties held for sale	**750**	—
	136,800	124,344
Other income		
Bank interest income	**3**	517
Reinstatement compensation	**428**	279
Others	**94**	161
	525	957

6 FINANCE COSTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans:		
Wholly repayable within five years	**6,370**	17,832
Loan arrangement fees	**1,260**	938
	7,630	18,770

7 PROFIT BEFORE TAX

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

	2009 HK$'000	2008 HK$'000
Depreciation *(note 14)*	336	385
Minimum lease payments under operating leases:		
Land and buildings	1,667	1,275
Auditors' remuneration	967	1,006
Staff costs (including executive directors' remuneration *(note 8)*):		
Wages and salaries	9,873	9,460
Discretionary bonuses	13,817	13,009
Pension scheme contributions*	465	410
	24,155	22,879
Gross rental income	(124,332)	(114,111)
Less: Outgoings	7,576	6,477
Net rental income	(116,756)	(107,634)
Foreign exchange differences, net	2	24

* At 31 December 2009, there were no forfeited contributions available to the Group to reduce its contributions to the pension scheme in future years (2008: Nil).

8 DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Fees	**1,400**	1,300
Other emoluments:		
Basic salaries, housing allowances, other allowances and benefits in kind	**3,040**	2,830
Discretionary bonuses	**11,900**	11,200
Pension scheme contributions	**143**	134
	16,483	15,464

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(a) Independent non-executive directors

The fees paid to the independent non-executive directors during the year were as follows:

	2009	2008
	HK$'000	*HK$'000*
Mr. Luk Yu King, James	**300**	300
Mr. Ng Kwok Fu	**200**	200
Mr. Leung Yu Ming, Steven	**200**	100
	700	600

There were no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

8 DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors and non-executive directors

Group

	Fees	Basic salaries, housing allowances, other allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009					
Executive directors:					
Mr. Cheung Chung Kiu	—	—	7,500	1	7,501
Mr. Wong Chi Keung	—	3,040	2,600	140	5,780
Mr. Yuen Wing Shing	—	—	1,400	1	1,401
Ms. Tung Wai Lan, Iris	—	—	400	1	401
	—	3,040	11,900	143	15,083
Non-executive directors:					
Mr. Lee Ka Sze, Carmelo	500	—	—	—	500
Mr. Wong Yat Fai	200	—	—	—	200
	700	3,040	11,900	143	15,783
2008					
Executive directors:					
Mr. Cheung Chung Kiu	—	—	7,000	1	7,001
Mr. Wong Chi Keung	—	2,830	2,600	131	5,561
Mr. Yuen Wing Shing	—	—	1,200	1	1,201
Ms. Tung Wai Lan, Iris	—	—	400	1	401
	—	2,830	11,200	134	14,164
Non-executive directors:					
Mr. Lee Ka Sze, Carmelo	500	—	—	—	500
Mr. Wong Yat Fai	200	—	—	—	200
	700	2,830	11,200	134	14,864

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2008: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2008: two) non-director, highest paid employees are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Basic salaries, housing allowances, other allowances and benefits in kind	**1,842**	1,789
Discretionary bonuses	**480**	450
Pension scheme contributions	**85**	83
	2,407	2,322

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2009	2008
HK$500,001 to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1
	2	2

10 INCOME TAX EXPENSE

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 year.

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current - Hong Kong	**9,204**	4,885
Under/(over) provision in prior years	**1**	(312)
	9,205	4,573
Deferred *(note 24)*	**48,737**	5,022
Total tax charge for the year	**57,942**	9,595

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Profit before tax	**482,637**	180,136
Tax at the statutory tax rate of 16.5% (2008: 16.5%)	**79,635**	29,722
Under/(over) provision of tax in prior years	**1**	(312)
Unrecognised temporary differences	**(129)**	(102)
Effect on opening deferred tax liabilities of decrease in tax rates	**—**	(8,506)
Profits and losses attributable to an associate	**(21,113)**	(9,708)
Income not subject to tax	**(281)**	(1,103)
Expenses not deductible for tax	**61**	221
Tax losses utilised from previous periods	**(342)**	(647)
Tax losses not recognised	**111**	35
Others	**(1)**	(5)
Tax charge at the Group's effective rate	**57,942**	9,595

11 PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2009 includes a profit of HK$114,000 (2008: HK$118,000) which has been dealt with in the financial statements of the Company (note 26).

12 PROPOSED FINAL DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Proposed final dividends - HK2.5 cents (2008: HK2.0 cents) per ordinary share	**19,989**	15,991

The proposed final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

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

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to ordinary equity holders of the Company	**424,751**	170,781

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year	**799,557,415**	799,557,415

14 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements *HK$'000*	Office equipment, furniture and fixtures *HK$'000*	Computer software *HK$'000*	Motor vehicles *HK$'000*	Computer equipment *HK$'000*	Total *HK$'000*
31 December 2009						
At 31 December 2008 and at 1 January 2009:						
Cost	753	444	461	1,333	241	3,232
Accumulated depreciation	(747)	(298)	(456)	(822)	(227)	(2,550)
Net carrying amount	6	146	5	511	14	682
At 1 January 2009, net of accumulated depreciation	6	146	5	511	14	682
Additions	19	7	—	—	—	26
Depreciation provided during the year	(3)	(52)	(2)	(267)	(12)	(336)
At 31 December 2009, net of accumulated depreciation	22	101	3	244	2	372
At 31 December 2009:						
Cost	772	451	461	1,333	241	3,258
Accumulated depreciation	(750)	(350)	(458)	(1,089)	(239)	(2,886)
Net carrying amount	22	101	3	244	2	372

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31 December 2009

14 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

	Leasehold improvements *HK$'000*	Office equipment, furniture and fixtures *HK$'000*	Computer software *HK$'000*	Motor vehicles *HK$'000*	Computer equipment *HK$'000*	Total *HK$'000*
31 December 2008						
At 1 January 2008:						
Cost	753	419	461	1,333	247	3,213
Accumulated depreciation	(745)	(234)	(454)	(555)	(182)	(2,170)
Net carrying amount	8	185	7	778	65	1,043
At 1 January 2008, net of accumulated depreciation	8	185	7	778	65	1,043
Additions	—	25	—	—	—	25
Write-off	—	—	—	—	(6)	(6)
Depreciation provided during the year	(2)	(64)	(2)	(267)	(50)	(385)
Write-back of depreciation	—	—	—	—	5	5
At 31 December 2008, net of accumulated depreciation	6	146	5	511	14	682
At 31 December 2008:						
Cost	753	444	461	1,333	241	3,232
Accumulated depreciation	(747)	(298)	(456)	(822)	(227)	(2,550)
Net carrying amount	6	146	5	511	14	682

15 INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Carrying amount at 1 January	**2,374,230**	2,315,900
Additions	**8,301**	8,309
Fair value adjustment	**272,369**	50,021
Carrying amount at 31 December	**2,654,900**	2,374,230

The Group's investment properties included above are held under the following lease terms:

	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Long term leases	1,371,500	—	1,371,500
Medium term leases	1,275,100	8,300	1,283,400
	2,646,600	8,300	2,654,900

The revaluation of the above investment properties was carried out by Savills Valuation and Professional Services Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis at 31 December 2009.

Certain of the Group's investment properties were pledged to banks to secure banking facilities granted to the Group (note 23).

Further particulars of the Group's investment properties are included on page 91.

16 INTERESTS IN SUBSIDIARIES

	Company 2009 HK$'000	Company 2008 HK$'000
Unlisted shares, at cost	**1,465,569**	1,465,569
Loan to a subsidiary	**1,224,709**	1,240,336
	2,690,278	2,705,905
Impairment	**(563,231)**	(912,599)
	2,127,047	1,793,306

The loan to the subsidiary is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the principal subsidiaries of the Company are set out in note 34.

17 INTEREST IN AN ASSOCIATE

	Group 2009 HK$'000	Group 2008 HK$'000
Share of net assets	**1,153,430**	1,060,645
Goodwill on acquisition *(note 18)*	**266,924**	266,924
	1,420,354	1,327,569
Market value of listed equity securities	**1,151,988**	993,628

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation and operations	Percentage of ownership interest attributable to the Group 2009	2008
The Cross-Harbour (Holdings) Limited	Ordinary shares of HK$1 each	Hong Kong	**43.92%**	43.92%

The above associate was not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

17 INTEREST IN AN ASSOCIATE *(continued)*

The Cross-Harbour (Holdings) Limited ("Cross-Harbour") is an investment holding company, incorporated and listed in Hong Kong, with its subsidiaries engaged in the operation of driver training centres and the business of tunnel operation and management in Hong Kong. This associate has been accounted for using the equity method in these financial statements.

Extracts of the consolidated operating results and consolidated financial position of the associate, Cross-Harbour, are as follows:

	2009 *HK$'000*	2008 *HK$'000*
Operating results for the year:		
Turnover	**217,518**	244,401
Profit attributable to shareholders of Cross-Harbour	**291,343**	140,266
Financial position at 31 December:		
Non-current assets	**2,125,425**	2,106,517
Current assets	**1,211,386**	533,078
Current liabilities	**(261,803)**	(135,126)
Non-current liabilities	**(364,733)**	(560)
Minority interests	**(64,351)**	(68,285)
Net asset value	**2,645,924**	2,435,624

18 GOODWILL

Group

	HK$'000
Cost and carrying amount at 1 January 2008, at 31 December 2008 and at 31 December 2009	266,924

Impairment testing of goodwill

During the year, there was no impairment of goodwill (2008: Nil). Impairment testing in respect of the carrying value of the goodwill on acquisition of the associate is performed at least annually by comparing the recoverable amount of a major cash-generating unit of the associate which has been determined based on a value-in-use calculation. That calculation uses cash flow estimates based on cash flow projection over the fixed investment period of such cash-generating unit. The discount rate applied to the cash flow projection is approximately 6% (2008: 6%), which is consistent with the cost of funding of the Group or is a reasonable investment return rate for investments with stable returns.

19 OTHER INVESTMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Unlisted investments	793	793

20 PROPERTIES HELD FOR SALE

	Group	
	2009	2008
	HK$'000	HK$'000
Hong Kong	275	1,136

21 TRADE RECEIVABLES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**2,293**	1,776
Impairment	**—**	—
	2,293	1,776

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.

An aged analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 - 30 days	**752**	365
31 - 60 days	**961**	1,389
Over 60 days	**580**	22
	2,293	1,776

21 TRADE RECEIVABLES *(continued)*

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**876**	83
Less than 1 month past due	**961**	557
1 to 2 months past due	**418**	1,135
Over 2 months past due	**38**	1
	2,293	1,776

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers. Based on the review of the status of these receivables and the related customers, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22 TRADE PAYABLES

An aged analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 - 30 days	**725**	2,193
31 - 60 days	**—**	970
	725	3,163

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

23 BANK LOANS, SECURED

	Group 2009 HK$'000	Group 2008 HK$'000
Bank loans repayable:		
Within one year	**206,200**	197,200
In the second year	**203,000**	126,700
In the third to fifth years, inclusive	**57,500**	180,000
	466,700	503,900
Amount classified under current liabilities	**(206,200)**	(197,200)
Amount classified under non-current liabilities	**260,500**	306,700

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 2009 and 2008 were 1.30% and 3.19%, 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$2,641,000,000 (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.

24 DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

Deferred tax liabilities

Group

	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Losses available for offsetting against future taxable profits *HK$'000*	Total *HK$'000*
At 1 January 2008	51,663	98,317	(1,124)	148,856
Deferred tax charged to the income statement during the year *(note 10)*	1,309	2,589	1,124	5,022
At 31 December 2008 and at 1 January 2009	**52,972**	**100,906**	—	**153,878**
Deferred tax charged to the income statement during the year *(note 10)*	4,236	44,501	—	48,737
At 31 December 2009	**57,208**	**145,407**	—	**202,615**

The Group has tax losses arising in Hong Kong of HK$24,407,000 (2008: HK$23,681,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

25 SHARE CAPITAL

Shares

	2009	2008
	HK$'000	*HK$'000*
Authorised:		
1,500,000,000 ordinary shares of HK$0.1 each	**150,000**	150,000
Issued and fully paid:		
799,557,415 ordinary shares of HK$0.1 each	**79,956**	79,956

Share options

At a special general meeting held on 29 April 2005, the Company adopted a share option scheme (the "Scheme"). Employees (including directors) of the Group are eligible participants under the Scheme. A total of 79,955,741 shares will be available for issue under the Scheme, which represents 10% of the Company's issued shares. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. The shares must be taken up under an option not later than 10 years from the date of grant of options. The Scheme will remain effective until 28 April 2015. No share option has been granted under the Scheme during the current and prior years and no option was outstanding at 31 December 2009 and 2008.

26 RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 34 of the financial statements.

The Group's contributed surplus originally represented the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

Company

	Note	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2008		95,738	1,317,168	1,350	298,679	1,712,935
Profit for the year		—	—	—	118	118
Total comprehensive income for the year		—	—	—	118	118
Proposed 2008 final dividends	12	—	—	—	(15,991)	(15,991)
At 31 December 2008 and at 1 January 2009		95,738	1,317,168	1,350	282,806	1,697,062
Profit for the year		—	—	—	349,482	349,482
Total comprehensive income for the year		—	—	—	349,482	349,482
Proposed 2009 final dividends	12	—	—	—	(19,989)	(19,989)
At 31 December 2009		95,738	1,317,168	1,350	612,299	2,026,555

The contributed surplus of the Company originally represented the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued for their acquisition at the time of the reorganisation in the preparation for the listing of the Company's shares. Under the Companies Act (1981) of Bermuda (as amended), the contributed surplus may be distributed to shareholders under certain circumstances.

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The reconciliation of profit before tax to net cash generated from operations is as follows:

	Notes	2009 *HK$'000*	2008 *HK$'000*
Profit before tax		**482,637**	180,136
Adjustments for:			
Share of results of an associate		**(127,960)**	(58,837)
Interest income	*5*	**(3)**	(517)
Changes in fair value of investment properties		**(272,369)**	(50,021)
Depreciation	*7*	**336**	385
Excess over the cost of acquisition of additional interest in an associate		**—**	(6,174)
Interest on bank loans	*6*	**6,370**	17,832
		89,011	82,804
(Increase)/decrease in trade receivables, other receivables, deposits and prepayments		**(353)**	15,148
Increase in trade payables, other payables and accrued expenses		**3,934**	8,170
Decrease in properties held for sale		**861**	—
Net cash generated from operations		**93,453**	106,122

28 OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms of generally two to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**119,621**	105,290
In the second to fifth years, inclusive	**118,295**	79,810
	237,916	185,100

(b) As lessee

The Group leases its office properties under operating lease arrangements. The leases for the office properties are negotiated for a term of two years.

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**972**	1,667
In the second to fifth years, inclusive	**—**	972
	972	2,639

29 COMMITMENTS

In addition to the operating lease commitments detailed in note 28(b) above, the Group had the following capital commitments in respect of investment properties at the end of the reporting period:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Contracted, but not provided for	**269**	967
Authorised, but not contracted for	**27,488**	20,635
	27,757	21,602

30 CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with facilities granted to subsidiaries	**—**	—	**1,107,276**	1,164,476

The Company has executed guarantees totaling HK$1,107,276,000 (2008: HK$1,164,476,000) with respect to banking facilities made available to its subsidiaries, of which HK$466,700,000 were utilised as at 31 December 2009 (2008: HK$503,900,000).

31 RELATED PARTY TRANSACTIONS

(a) Significant related party transactions, which were carried out in the normal course of the Group's business during the year, are as follows:

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Rental charges paid to a related company	*(i)*	**—**	581
Administrative staff costs paid to a shareholder	*(ii)*	**1,138**	1,120

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 rates. 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 the actual cost of the staff.

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

	2009 *HK$'000*	2008 *HK$'000*
Short term employee benefits	**16,374**	15,409
Post-employment benefits	**194**	183
Total compensation paid to key management personnel	**16,568**	15,592

Further details of directors' emoluments are included in note 8 to the financial statements.

32 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Group	
	2009	2008
	HK$'000	*HK$'000*
Loans and receivables:		
Trade receivables	**2,293**	1,776
Other receivables and deposits	**760**	659
	3,053	2,435
Available-for-sale financial assets:		
Other investments	**793**	793
Cash and bank balances	**66,934**	45,108
	70,780	48,336

Financial liabilities

	Group	
	2009	2008
	HK$'000	*HK$'000*
Financial liabilities at amortised cost:		
Trade payables	**725**	3,163
Other payables and accrued expenses	**56,349**	94,614
Bank loans, secured	**466,700**	503,900
	523,774	601,677

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise bank loans, cash and short term deposits. The main purpose of these financial instruments is to provide funding for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. These risks are limited under the Group's financial risk management policies and practices as summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with a floating interest rate. The Group monitors the movement in interest rates on an ongoing basis and evaluates the exposure and the costs of available hedging for its debt obligations.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *HK$'000*
2009		
Hong Kong dollar	**25**	**(1,163)**
Hong Kong dollar	**(25)**	**1,163**
2008		
Hong Kong dollar	25	(1,341)
Hong Kong dollar	(25)	1,341

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to this risk is monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are mainly rental related and are normally due on the first day of each month and the Group obtains rental deposits from its tenants.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position. Except for the financial guarantees given by the Company as disclosed in note 30, the Group does not provide any guarantees which would expose the Group to credit risk.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash and banking facilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2009			
	On demand	Within 12 months	Over 1 year to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans, secured	—	210,863	262,520	473,383
Trade payables	—	725	—	725
Other payables and accrued expenses	740	55,609	—	56,349
	740	267,197	262,520	530,457

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Group

	2008			
	On demand	Within 12 months	Over 1 year to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans, secured	—	203,083	310,386	513,469
Trade payables	—	3,163	—	3,163
Other payables and accrued expenses	2,709	91,905	—	94,614
	2,709	298,151	310,386	611,246

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, utilise banking facilities available to the Group, sell assets to reduce debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2009 and 2008.

The Group monitors capital using a gearing ratio, which is net bank borrowings divided by the shareholders' funds. The Group actively reviews the gearing ratio and the capital structure to ensure an optimal capital structure by taking into consideration the projected cash flows and profitability, projected capital expenditures and projected business and investment opportunities. As at 31 December 2009, the Group's gearing ratio was 11.7% (2008: 15.4%).

34 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of company	Place of incorporation	Nominal value of issued and fully paid share capital	Percentage of equity attributable to the Company 2009	2008	Principal activities and place of operations
Best View Investments Hong Kong Company Limited	British Virgin Islands	1 ordinary share of US$1	**100%**	100%	Property holding in Hong Kong
Benefit Plus Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Property investment in Hong Kong
E-Tech Services Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Provision of property technical consultant services in Hong Kong
Harson Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Property investment in Hong Kong
Honway Holdings Limited	British Virgin Islands	1 ordinary share of US$1	**100%**	100%	Investment holding in Hong Kong
Mainland Sun Ltd.	British Virgin Islands	1 ordinary share of US$1	**100%**	100%	Property investment in Mainland China
Score Goal Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Property investment in Hong Kong
Y. T. (China) Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Investment holding in Mainland China

34 PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation	Nominal value of issued and fully paid share capital	Percentage of equity attributable to the Company 2009	2008	Principal activities and place of operations
Y. T. Finance Limited	Hong Kong	6,000 ordinary shares of HK$500 each	**100%**	100%	Finance vehicle in Hong Kong
Y. T. Group Management Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Provision of business management services in Hong Kong
Y. T. Investment Holdings Limited	British Virgin Islands	50,100 ordinary shares of US$1 each	**100%**	100%	Investment holding in Asia
Y. T. Investment Management Limited	British Virgin Islands	1 ordinary share of US$1	**100%**	100%	Securities investment in Mainland China
Y. T. Properties International Limited	British Virgin Islands	201 ordinary shares of US$1 each	**100%**	100%	Investment holding in Hong Kong
Y. T. Property Services Limited	Hong Kong	100 ordinary shares of HK$1 each	**100%**	100%	Property management in Hong Kong

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. With the exception of Y. T. Investment Holdings Limited, all the above companies are indirect subsidiaries of the Company.

35 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2010.

INVESTMENT PROPERTIES IN HONG KONG

Location	Use	Lease expiry	Approximate site area *Sq.ft.*	Approximate gross floor area *Sq.ft.*	Group's interest %
Prestige Tower 23 and 25 Nathan Road Tsimshatsui	Commercial	2039	8,724	113,500	100
Century Square 1-13 D'Aguilar Street Central	Commercial	2842	6,310	94,700	100

COMPLETED PROPERTIES HELD FOR SALE IN HONG KONG

Location	Use	Lease expiry	Approximate gross floor area *Sq.ft.*	Group's interest %
Village Garden 17 Village Road Happy Valley	Car parking space	2047	N/A (1 car parking space held)	100

INVESTMENT PROPERTIES IN MAINLAND CHINA

Location	Use	Lease expiry	Approximate gross floor area *Sq.ft.*	Group's interest %
Certain units of Shun Hing Square Di Wang Commercial Centre No. 333 Shennan East Road Luohu District Shenzhen	Residential	2045	4,480	100

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 December				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Property, plant and equipment	1,870	1,490	1,043	682	**372**
Investment properties	1,927,840	2,125,050	2,315,900	2,374,230	**2,654,900**
Interest in an associate	860,382	1,290,349	1,413,205	1,327,569	**1,420,354**
Other investments	1,235	879	800	793	**793**
Deferred tax assets	415	—	—	—	**—**
Current assets	218,247	60,433	88,116	56,828	**78,143**
Current liabilities	(229,008)	(315,167)	(318,886)	(313,832)	**(286,070)**
Net current liabilities	(10,761)	(254,734)	(230,770)	(257,004)	**(207,927)**
Non-current liabilities	(444,622)	(528,883)	(512,756)	(460,578)	**(463,115)**
Net assets	2,336,359	2,634,151	2,987,422	2,985,692	**3,405,377**
EQUITY					
Equity attributable to equity holders of the Company					
Issued share capital	79,956	79,956	79,956	79,956	**79,956**
Reserves	2,236,414	2,530,208	2,883,479	2,889,979	**3,305,722**
Proposed final dividends	19,989	23,987	23,987	15,991	**19,989**
	2,336,359	2,634,151	2,987,422	2,985,926	**3,405,667**
Minority interests	—	—	—	(234)	**(290)**
Total equity	2,336,359	2,634,151	2,987,422	2,985,692	**3,405,377**
RESULTS					
Revenue	93,942	99,473	116,520	124,344	**136,800**
Profit before tax	290,243	327,267	368,479	180,136	**482,637**
Income tax expense	(39,555)	(39,179)	(39,916)	(9,595)	**(57,942)**
Profit for the year	250,688	288,088	328,563	170,541	**424,695**
Attributable to:					
Equity holders of the Company	250,688	288,088	328,563	170,781	**424,751**
Minority interests	—	—	—	(240)	**(56)**
	250,688	288,088	328,563	170,541	**424,695**