



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

2010

INTERIM
REPORT

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Corporate Information

Executive Director

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

Non-executive Director

Lee Ka Sze, Carmelo
Wong Yat Fai

Independent

Non-executive Director

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

Audit Committee

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

Remuneration Committee

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

Authorised Representative

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

Secretary

Albert T. da Rosa, Jr.

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

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Auditors

Ernst & Young

Principal Banker

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

Legal Adviser

Bermuda:
Conyers Dill & Pearman

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

Registrar & Transfer Office

Bermuda:
HSBC Bank Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong:
Tricor Abacus Limited
26/F, Tesbury Centre
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Wanchai
Hong Kong
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Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 75

Management Discussion and Analysis

The board of directors is pleased to present the Group's interim report and condensed accounts for the six months ended 30 June 2010. The consolidated results, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the six months ended 30 June 2010, and the consolidated statement of financial position of the Group as at 30 June 2010, all of which are condensed and unaudited, along with selected explanatory notes, are set out on pages 12 to 33 of this report.

Business Review

The Group's net profit attributable to shareholders for the first six months of 2010 was HK\$260.1 million which is 7.6% higher than the results of the corresponding period of 2009. Earnings per share for the first six-month period of 2010 amounted to HK32.5 cents (2009: HK30.2 cents). Excluding the effect of property revaluation, its related deferred taxation and profit contribution from an associated company, the Group recorded a net profit increase of 8.7% when compared with the last corresponding period.

Rental income from investment properties for the half-year ended 30 June 2010 amounted to HK\$65.2 million, up 8.3% from HK\$60.2 million for the corresponding period of last year. During the period under review, the Group's core properties recorded steady increase in rental yield.

Entering into 2010, the overall economic situation in Hong Kong was much improved when compared with the corresponding period a year earlier. Thanks to the global "Quantitative Easing" financial policies, many companies and business entities in Hong Kong were able to return to the path of growth and profitability. The Group was no exception and the stable result was achieved for the first half of 2010.

Management Discussion and Analysis

Business Review *(continued)*

The extremely low interest environment, coupled with increased flow of global liquidity, helped to largely restore the market sentiment and confidence. The property market where the Group has placed substantial long term investment performed exceptionally well. Although there are positive signs to support that the financial crisis is now behind us, there are growing concern that an economic bubble particularly in the property sector is being formed and the potential burst of such bubble could easily be triggered by factors such as hike in interest rate or further negative news of financial crisis being developed in Europe or the United States, the resultant situation of which could be more damaging to the property market. A number of measures to curb the overheated speculation in the residential property sector were therefore introduced by the Hong Kong Government during the period under review. These controlling measures, coupled with the World Cup effect, slowed down transaction activities in many business sectors close to the end of mid-2010. Against this backdrop of market volatility, occupancy rate of the Group's property portfolio dropped to under 90% at some point in the 2nd quarter due to departure of an anchor tenant in Prestige Tower at Tsimshatsui. After extensive marketing and promotional endeavours, the vacated premises were gradually taken up at escalated rental rates by various high end retail and fashion operators. Occupancy rate was subsequently raised to around 95% at the end of June 2010, with the latest figure further improved nearly 98%. Rental rate recorded satisfactory parallel growth at the same time.

We ascribe the strong resilience of our investment property portfolio to, inter alia, favourable locations of our properties, effective marketing endeavours, and provision of comprehensive quality management services to tenants by a dedicated team of in-house professional staff.

The Group's investment property portfolio was independently valued at the end of the period resulting in a revaluation surplus of HK\$171.0 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 period was HK\$72.7 million (2009: HK\$77.4 million), a decrease of 6.2% from last period. Cross-Harbour is listed on The Stock Exchange of Hong Kong Limited and it is engaged in investment and management of tunnels, motoring schools and highway and tunnel toll system.

Management Discussion and Analysis

Prospects

The Group is optimistic about the economic development of Hong Kong in the coming years. We envisage that the low interest rate environment will persist for a while, which will not only benefit many businesses but will stimulate spending as well as trade and commercial activities. Despite the controlling measures introduced by Hong Kong Government in the first half of 2010 to curb the overheated property market, we believe demand for quality properties, particularly high end residential units, both for long term investment and for self use, will continue to be strong. Likewise, prime retail and commercial properties will continue to be the key target for acquisition by investors who are driven to seek better investment return due to low interest offerings by banks. On the financial development side, we have witnessed the staunch support from the Central Government to place Hong Kong in the forefront in gradual internationalization of Renminbi. Moreover, tourism and retail sectors will benefit most from the anticipated revaluation of the Mainland currency and such currency factor will also strengthen the property sector as a great percentage of purchasing power is from across the border.

In view of the above economic outlook, the Group will expect to yield stable and satisfactory performance for the remaining half of the year. Riding on our success in transforming our office buildings into vertical retail complex, we will strive to seek ways to further sharpen our competitive edge by improving our hardware and software in these properties, both of which are crucial in attracting and retaining quality tenants. Despite the rising market, we shall continue to explore suitable investment opportunities to enhance sustainable corporate earnings for our shareholders. In doing so, we shall adopt the usual cautious and prudent approach to safeguard the interest of our shareholders.

Management Discussion and Analysis

Financing and Liquidity

The Group's financial expenses for the period amounted to HK\$3.8 million, decreased by 7.7% from HK\$4.1 million when compared to the same period last year as the Group's bank borrowings had been reduced.

The gearing ratio, which is calculated as the ratio of net bank borrowings to shareholders' funds, was 9.8% (31 December 2009: 11.7%). As at 30 June 2010, the total bank borrowing has decreased to HK\$443.6 million from HK\$466.7 million at end of 2009. Certain investment properties with aggregate carrying value of HK\$2,819.0 million (31 December 2009: HK\$2,641.0 million) were pledged, together with assignment of rental income, to secure loan facilities. Term loan instalments repayable within one year amounted to HK\$43.0 million. Revolving bank loan with balance of HK\$160.0 million is repayable and renewable within one year.

The following is the maturing profile of the Group's bank borrowings as of 30 June 2010:

Within one year	45.8%
In the second year	9.7%
In the third to fifth years, inclusive	23.9%
After the fifth year	20.6%
	100.0%

As at 30 June 2010, the Group's cash and cash equivalents was HK\$87.9 million. With cash, available banking facilities, and recurring rental income, the Group has sufficient resources to meet the foreseeable funding needs for working capital and capital expenditure.

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

Management Discussion and Analysis

Contingent Liabilities

As at 30 June 2010, the Company has executed guarantees totaling HK\$1,034.2 million (31 December 2009: HK\$1,107.3 million), with respect to banking facilities made available to its subsidiaries, of which HK\$443.6 million were utilised (31 December 2009: HK\$466.7 million).

Staff

As at 30 June 2010, the Group had 38 members of staff. Staff remuneration is reviewed by the Group from time to time to ensure the terms of employment offered to our staff are competitive in the market. In addition to salaries, the Group provides staff benefits including medical insurance, life insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

Interim Dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

Disclosure of Interests

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

The register kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows, as at 30 June 2010, 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	% 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	<u>40,000</u>	90,000	0.01%

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

Name	Capacity	No. of shares	% of shareholding
Cheung Chung Kiu	Interest of controlled corporation	155,254,432 ²	43.92%

Disclosure of Interests

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

Notes:

- ¹ Mr. Cheung Chung Kiu ("Mr. 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 International"). Mr. C.K. Cheung, Timmex Investment Limited (a company wholly owned by Mr. C.K. Cheung) and Chongqing Industrial Limited ("Chongqing Industrial") owned 0.57%, 9.16% and 34.33% of the issued share capital of Yugang International 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 ("PDT"), the trustee of which was Palin Holdings Limited ("Palin Holdings"). The objects of PDT 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 30 June 2010, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by Directors adopted by the Company on 24 March 2009.

Share Options

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

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

Disclosure of Interests

Interests and Short Positions of Shareholders

As at 30 June 2010, 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	% of shareholding
Palin Holdings	Interest of controlled corporation	273,000,000	34.14%
Chongqing Industrial	Interest of controlled corporation	273,000,000	34.14%
Yugang International	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 7 and 8.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2010, had, or was deemed to have, any interest or short position in the shares and underlying shares of the Company as recorded in the register kept under section 336 of the SFO, other than as disclosed on pages 7 and 8.

Other Information

Code on Corporate Governance Practices

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

Model Code for Securities Transactions

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (within the meaning of the CG Code) on terms no less exacting than the required standard set out within the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules (as amended from time to time).

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

Purchase, Sale or Redemption of Shares

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

Review by Audit Committee

The interim report has been reviewed by the audit committee. Apart from the interim financial statements, the audit committee has reviewed the accounting principles and practices adopted by the Company and its subsidiaries and discussed internal control and financial reporting matters with management.

Other Information

Change in Directors' Information

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 Listing Rules since its last annual report.

Appreciation

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

On behalf of the board

Wong Chi Keung

Managing Director

Hong Kong, 31 August 2010

Condensed Consolidated Income Statement

For the six months ended 30 June 2010

		Unaudited	
		Six months ended 30 June	
	Notes	2010	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	2, 3	70,077	66,331
Direct outgoings		(4,243)	(4,450)
Cost of properties sold		(280)	—
		<u>65,554</u>	<u>61,881</u>
Other income		336	248
Administrative expenses		(10,210)	(10,526)
Finance costs		(3,760)	(4,075)
Changes in fair value of investment properties		170,974	147,475
Share of results of an associate		72,659	77,442
		<u>295,553</u>	<u>272,445</u>
PROFIT BEFORE TAX	4	295,553	272,445
Income tax expense	5	(35,445)	(30,795)
		<u>260,108</u>	<u>241,650</u>
PROFIT FOR THE PERIOD		<u>260,108</u>	<u>241,650</u>
Attributable to:			
Equity holders of the Company		260,125	241,701
Non-controlling interests		(17)	(51)
		<u>260,108</u>	<u>241,650</u>
EARNINGS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share	6	HK32.5 cents	HK30.2 cents
Diluted earnings per share	6	<u>HK32.2 cents</u>	<u>HK30.2 cents</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE PERIOD	260,108	241,650
OTHER COMPREHENSIVE (LOSS)/INCOME		
Share of other comprehensive (loss)/income of an associate	(4,057)	9,793
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(4,057)	9,793
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	256,051	251,443
Attributable to:		
Equity holders of the Company	256,068	251,494
Non-controlling interests	(17)	(51)
	256,051	251,443

Condensed Consolidated Statement of Financial Position

30 June 2010

	Notes	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	218	372
Investment properties	9	2,833,500	2,654,900
Interest in an associate		1,461,010	1,420,354
Other investments		793	793
Total non-current assets		<u>4,295,521</u>	<u>4,076,419</u>
CURRENT ASSETS			
Properties held for sale		—	275
Trade receivables	10	921	2,293
Other receivables, deposits and prepayments		10,607	8,641
Cash and bank balances		87,932	66,934
Total current assets		<u>99,460</u>	<u>78,143</u>
CURRENT LIABILITIES			
Trade payables	11	2,954	725
Other payables and accrued expenses		65,622	75,839
Bank loans, secured	12	203,000	206,200
Tax payable		8,290	3,306
Total current liabilities		<u>279,866</u>	<u>286,070</u>
NET CURRENT LIABILITIES		<u>(180,406)</u>	<u>(207,927)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,115,115</u>	<u>3,868,492</u>
NON-CURRENT LIABILITIES			
Bank loans, secured	12	240,600	260,500
Deferred tax liabilities		233,076	202,615
Total non-current liabilities		<u>473,676</u>	<u>463,115</u>
Net assets		<u>3,641,439</u>	<u>3,405,377</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	13	79,956	79,956
Reserves		3,561,483	3,305,722
Proposed final dividends		—	19,989
		<u>3,641,439</u>	<u>3,405,667</u>
Non-controlling interests		—	(290)
Total equity		<u>3,641,439</u>	<u>3,405,377</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010 - Unaudited

	Attributable to equity holders of the Company											
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Investment Contributed surplus HK\$'000	Investment revaluation reserve of an associate HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed final dividends HK\$'000	Non- controlling Total interests HK\$'000	Total equity HK\$'000	
At 1 January 2010	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
Profit for the period	—	—	—	—	—	—	—	260,125	—	260,125	(17)	260,108
Other comprehensive (loss)/income for the period	—	—	—	—	—	(4,441)	384	—	—	(4,057)	—	(4,057)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(4,441)	384	260,125	—	256,068	(17)	256,051
Acquisition of non-controlling interests without change in control	—	—	—	—	—	—	—	(307)	—	(307)	307	—
2009 final dividends declared and paid	—	—	—	—	—	—	—	—	(19,989)	(19,989)	—	(19,989)
At 30 June 2010	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>1,321,935*</u>	<u>(15,885)*</u>	<u>(4,280)*</u>	<u>2,160,825*</u>	<u>—</u>	<u>3,641,439</u>	<u>—</u>	<u>3,641,439</u>
At 1 January 2009	79,956	95,738	1,350	1,800	1,321,935	(18,821)	(8,268)	1,496,245	15,991	2,985,926	(234)	2,985,692
Profit for the period	—	—	—	—	—	—	—	241,701	—	241,701	(51)	241,650
Other comprehensive income for the period	—	—	—	—	—	7,040	2,753	—	—	9,793	—	9,793
Total comprehensive income for the period	—	—	—	—	—	7,040	2,753	241,701	—	251,494	(51)	251,443
2008 final dividends declared and paid	—	—	—	—	—	—	—	—	(15,991)	(15,991)	—	(15,991)
At 30 June 2009	<u>79,956</u>	<u>95,738</u>	<u>1,350</u>	<u>1,800</u>	<u>1,321,935</u>	<u>(11,781)</u>	<u>(5,515)</u>	<u>1,737,946</u>	<u>—</u>	<u>3,221,429</u>	<u>(285)</u>	<u>3,221,144</u>

* These reserve accounts comprise the consolidated reserves of HK\$3,561,483,000 (31 December 2009: HK\$3,305,722,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows from operating activities	43,766	33,131
Net cash flows from/(used in) investing activities	20,321	(7,469)
Net cash flows used in financing activities	(43,089)	(24,591)
Net increase in cash and cash equivalents	20,998	1,071
Cash and cash equivalents at 1 January	66,934	45,108
Cash and cash equivalents at 30 June	<u>87,932</u>	<u>46,179</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>87,932</u>	<u>46,179</u>

Notes to Interim Financial Statements

30 June 2010

1 Basis of Preparation and Accounting Policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 of the Listing Rules. These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2009 and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA, except that the Group has in the current period applied, for the first time the following new and revised HKFRSs:

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
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
HK Interpretation 4 (Revised in December 2009)	Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases

Notes to Interim Financial Statements

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

Apart from the above, the Group has also adopted Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

* Improvements to HKFRSs 2009 contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

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

(a) HKAS 27 (Revised) Consolidated and Separate Financial Statements

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Notes to Interim Financial Statements

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

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

HKFRS 1 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 ²
HKFRS 9	Financial Instrument ⁴
HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation - Classification of Rights Issues ¹
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement ³
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

¹ Effective for annual periods beginning on or after 1 February 2010.

² Effective for annual periods beginning on or after 1 July 2010.

³ Effective for annual periods beginning on or after 1 January 2011.

⁴ Effective for annual periods beginning on or after 1 January 2013.

In addition, Improvements to HKFRSs were issued in May 2010 by HKICPA which contains amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13. Except for the amendments to HKFRS 3 and HKAS 27 which are effective for annual periods beginning on or after 1 July 2010, other amendments are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 9 and HKAS 24 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

Notes to Interim Financial Statements

2 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.

Notes to Interim Financial Statements

2 Operating Segment Information *(continued)*

	Unaudited				Consolidated
	Six months ended 30 June				
	Property investment	Property trading	Property management and related services	Operation of driver training centres and tunnel operation and management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2010					
Segment revenue	<u>65,175</u>	<u>270</u>	<u>4,632</u>	<u>—</u>	<u>70,077</u>
Segment results	222,957	(10)	3,707	—	226,654
Finance costs					(3,760)
Share of results of an associate	—	—	—	72,659	<u>72,659</u>
Profit before tax					295,553
Income tax expense	(35,042)	—	(385)	—	(35,427)
Unallocated income tax expense					<u>(18)</u>
Profit for the period					<u><u>260,108</u></u>

Notes to Interim Financial Statements

2 Operating Segment Information *(continued)*

	Unaudited				
	Six months ended 30 June				
			Property management and related services	Operation of driver training centres and tunnel operation and management	Consolidated
	Property investment <i>HK\$'000</i>	Property trading <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
2010					
Assets and liabilities					
Segment assets	2,844,456	—	790	—	2,845,246
Interest in an associate	—	—	—	1,461,010	1,461,010
Unallocated assets					88,725
Total assets					<u>4,394,981</u>
Segment liabilities	288,548	—	21,354	21	309,923
Unallocated liabilities					443,619
Total liabilities					<u>753,542</u>
Other segment information:					
Capital expenditure	7,626	—	—	—	7,626
Depreciation	—	—	154	—	154
Changes in fair value of investment properties	170,974	—	—	—	170,974

Notes to Interim Financial Statements

2 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i>	Property trading <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Operation of driver training centres and tunnel operation and management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2009					
Six months ended 30 June (Unaudited)					
Segment revenue	<u>60,166</u>	<u>—</u>	<u>6,165</u>	<u>—</u>	<u>66,331</u>
Segment results	195,002	(22)	4,098	—	199,078
Finance costs					(4,075)
Share of results of an associate	—	—	—	77,442	<u>77,442</u>
Profit before tax					272,445
Income tax expense	(30,366)	—	(412)	—	(30,778)
Unallocated income tax expense					<u>(17)</u>
Profit for the period					<u>241,650</u>

Notes to Interim Financial Statements

2 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i>	Property trading <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Operation of driver training centres and tunnel operation and management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2009					
At 31 December					
(Audited)					
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					<u>67,727</u>
Total assets					<u><u>4,154,562</u></u>
Segment liabilities	260,303	21	22,146	14	282,484
Unallocated liabilities					<u>466,701</u>
Total liabilities					<u><u>749,185</u></u>
Six months ended 30 June					
(Unaudited)					
Other segment information:					
Capital expenditure	2,195	—	—	—	2,195
Depreciation	—	—	175	—	175
Changes in fair value of investment properties	<u>147,475</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>147,475</u>

Notes to Interim Financial Statements

2 Operating Segment Information *(continued)*

Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Hong Kong	<u>70,077</u>	<u>66,331</u>

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

(b) Non-current assets

	30 June	31 December
	2010	2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Hong Kong	4,286,315	4,067,309
Mainland China	<u>8,413</u>	<u>8,317</u>
	<u>4,294,728</u>	<u>4,075,626</u>

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

Information about a major customer

During the period ended 30 June 2010, revenue of approximately HK\$6,140,000 (2009: HK\$12,017,000) was derived from a single customer under the property investment segment.

3 Revenue

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.

Notes to Interim Financial Statements

4 Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	154	175
Staff costs (including executive directors' remuneration):		
Wages and salaries	5,430	5,228
Pension scheme contributions	184	212
	<u>5,614</u>	<u>5,440</u>
Interest expenses	2,858	3,393
Interest income	(10)	(2)
	<u><u>2,848</u></u>	<u><u>3,391</u></u>

5 Income tax expense

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current - Hong Kong	4,984	4,440
Deferred	30,461	26,355
	<u>35,445</u>	<u>30,795</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Notes to Interim Financial Statements

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

The calculation of the basic earnings per share amount for the period ended 30 June 2010 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$260,125,000 (2009: HK\$241,701,000) and the weighted average number of 799,557,415 (2009: 799,557,415) ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 June 2010 is based on the adjusted profit for the period attributable to ordinary equity holders of the Company of HK\$257,690,000, adjusted to reflect the effects of all dilutive potential ordinary shares of an associate of the Group resulting in a decrease in profit for the period of HK\$2,435,000 as a result of dilution of interest in an associate, and the weighted average number of 799,557,415 ordinary shares in issue during the period.

7 Dividends

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2010 (2009: Nil).

8 Property, Plant and Equipment

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Net carrying amount at 1 January	372	682
Additions	—	26
Write-off	(2)	—
Depreciation provided during the period/year	(154)	(336)
Write-back of depreciation	2	—
	<u>218</u>	<u>372</u>
Net carrying amount at 30 June/31 December	<u>218</u>	<u>372</u>

Notes to Interim Financial Statements

9 Investment Properties

	30 June 2010 (Unaudited) <i>HK\$'000</i>	31 December 2009 (Audited) <i>HK\$'000</i>
Carrying amount at 1 January	2,654,900	2,374,230
Additions	7,626	8,301
Fair value adjustment	<u>170,974</u>	<u>272,369</u>
Carrying amount at 30 June/31 December	<u><u>2,833,500</u></u>	<u><u>2,654,900</u></u>

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 30 June 2010.

10 Trade Receivables

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

	30 June 2010 (Unaudited) <i>HK\$'000</i>	31 December 2009 (Audited) <i>HK\$'000</i>
0 - 30 days	650	752
31 - 60 days	188	961
Over 60 days	<u>83</u>	<u>580</u>
	<u><u>921</u></u>	<u><u>2,293</u></u>

The trade receivables primarily include rental receivables and property management and related services receivables which are normally due on the first day of each month and within a 14-day period, respectively. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Notes to Interim Financial Statements

11 Trade Payables

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

	30 June 2010 (Unaudited) <i>HK\$'000</i>	31 December 2009 (Audited) <i>HK\$'000</i>
0 - 30 days	<u>2,954</u>	<u>725</u>

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

12 Bank Loans, Secured

	30 June 2010 (Unaudited) <i>HK\$'000</i>	31 December 2009 (Audited) <i>HK\$'000</i>
Bank loans are repayable as follows:		
Within one year	203,000	206,200
In the second year	43,000	203,000
In the third to fifth years, inclusive	106,000	57,500
After the fifth year	<u>91,600</u>	<u>—</u>
	443,600	466,700
Amounts classified under current liabilities	<u>(203,000)</u>	<u>(206,200)</u>
Amounts classified under non-current liabilities	<u>240,600</u>	<u>260,500</u>

The bank loans are variable interest rate loans with interest rates based on the HIBOR plus the predetermined spread percentage. The effective interest rates for the period ended 30 June 2010 and the year ended 31 December 2009 were 1.27% and 1.30%, respectively.

Notes to Interim Financial Statements

12 Bank Loans, Secured *(continued)*

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

- (a) Mortgages on certain investment properties with an aggregate carrying value of HK\$2,819,000,000 (31 December 2009: HK\$2,641,000,000) and the assignment of rental income from certain properties. In addition, the Company has pledged all the issued shares of certain subsidiaries and subordinated its loans to certain subsidiaries in favour of the lenders of the above bank loans; and
- (b) corporate guarantees issued by the Company.

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

13 Share Capital

Shares

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Authorised:		
1,500,000,000 ordinary shares of HK\$0.1 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
799,557,415 (31 December 2009: 799,557,415) ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

Notes to Interim Financial Statements

14 Operating Lease Arrangements

(a) As lessor

At the 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:

	30 June 2010 (Unaudited) <i>HK\$'000</i>	31 December 2009 (Audited) <i>HK\$'000</i>
Within one year	129,118	119,621
In the second to fifth years, inclusive	129,426	118,295
	<u>258,544</u>	<u>237,916</u>

(b) As lessee

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

	30 June 2010 (Unaudited) <i>HK\$'000</i>	31 December 2009 (Audited) <i>HK\$'000</i>
Within one year	<u>139</u>	<u>972</u>

Notes to Interim Financial Statements

15 Commitments

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

	30 June 2010 (Unaudited) <i>HK\$'000</i>	31 December 2009 (Audited) <i>HK\$'000</i>
Contracted, but not provided for	630	269
Authorised, but not contracted for	15,549	27,488
	<u>16,179</u>	<u>27,757</u>

16 Contingent Liabilities

The Company has executed guarantees totaling HK\$1,034,176,000 (31 December 2009: HK\$1,107,276,000), with respect to banking facilities made available to its subsidiaries, of which HK\$443,600,000 were utilised as at 30 June 2010 (31 December 2009: HK\$466,700,000).

Notes to Interim Financial Statements

17 Related Party Transactions

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

	Note	Unaudited	
		Six months ended 30 June	
		2010	2009
		HK\$'000	HK\$'000
Administrative staff costs paid to a shareholder	(i)	525	525

Note:

(i) A subsidiary of the Company, Y. T. Group Management Limited, entered into an agreement with Yugang International Limited, a substantial shareholder of the Company, 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:

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Short term employee benefits	2,020	1,904
Post-employment benefits	101	95
Total compensation paid to key management personnel	2,121	1,999

18 Approval of the Interim Financial Statements

These unaudited condensed consolidated interim financial statements were approved by the board of directors on 31 August 2010.