



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

# 2011 *interim report*

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## Corporate Information

### Executive Director

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

### Non-executive Director

Lee Ka Sze, Carmelo  
Wong Yat Fai

### Independent Non-executive Director

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

### Audit Committee

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

### Remuneration Committee

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

### Authorised Representative

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

### Secretary

Albert T. da Rosa, Jr.

### Registered Office

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

### Principal Office

3301-07, China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong  
Tel: (852) 2500 5555  
Fax: (852) 2507 2120  
Website: [www.ytrealtygroup.com.hk](http://www.ytrealtygroup.com.hk)

### External 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 Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11  
Bermuda

*Hong Kong:*  
Tricor Abacus Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong  
Tel: (852) 2980 1700  
Fax: (852) 2890 9350

### 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 2011. 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 2011, and the consolidated statement of financial position of the Group as at 30 June 2011, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 11 to 35 of this report.

### Business Review

The Group's net profit attributable to shareholders for the first six months of 2011 was HK\$363.0 million which is 25.9% higher than the results of the corresponding period of 2010. Earnings per share for the first six-month period of 2011 amounted to HK45.4 cents (2010: HK36.1 cents (as restated)). Excluding the effect of property revaluation, profit contribution from an associated company and the loss resulting from deemed disposal of partial investment in the associated company, the Group recorded a net profit increase of 14.4% when compared with the last corresponding period.

Rental income from investment properties for the half-year ended 30 June 2011 amounted to HK\$73.1 million, up 12.2% from HK\$65.2 million for the corresponding period of last year. During the period under review, the Group's core properties recorded steady increase in rental rates.

Hong Kong continued to steadily advance on its economic recovery path amidst uncertainty and volatility of market when entering into 2011. Many businesses continued to be benefited by strong liquidity of capital and extremely low interest rate environment. Majority of the local leading economic indicators such as gross domestic products, unemployment rate, tourist arrival, etc. all pointed to a favourable direction. Stronger Renminbi whilst continued to support our retail growth but brought about worrying accelerated inflation. To curb overheated speculation in property market, the Government of Hong Kong introduced a Special Stamp Duty at the end of 2010. This new cooling measure quickly began to show its designed impact in the first few months of 2011.

Against this market backdrop, the Group was able to deliver a pleasing half-year result for 2011. Overall rental rate increased by over 10% when compared with the corresponding period of 2010. Owing to escalating rent, it was inevitable to witness a higher percentage of tenancy changes in the last few months as some of the tenants were forced to reluctantly opt for more affordable but less favourable alternative locations. During the period under review, despite fierce market competition, the Group was able to attract a number of new quality retail tenants at encouraging rental rate to our property portfolio which has constantly been achieving over 90% of occupancy rate. We ascribed such satisfactory result partly to successful rebrand of our properties as "vertical retail and beauty centre" and partly to effective marketing endeavours and proactive quality property services to tenants.



## Management Discussion and Analysis

### Business Review *(continued)*

The Group's investment property portfolio was independently valued at the end of the period resulting in a revaluation surplus of HK\$303.1 million. The revaluation surplus of the Group's investment properties was reported in the income statement.

The Group's share of profit after taxation from the associated company, The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), for the period was HK\$71.4 million (2010: HK\$72.7 million), a slight decrease of 1.7% from last period. Cross-Harbour is listed on The Stock Exchange of Hong Kong Limited and it is engaged in investment and management of tunnels, motoring schools and highway and tunnel toll system.

### Prospects

Looking ahead, there are great uncertainties and negative sentiments in the world's major economies, such as U.S. and Europe. Also, inflationary pressure and the national debt issues continue to build up in the U.S. Evidently, the economy of the U.S. was still very weak and interest rates will continue to be at very low level for another year or so. As a result, inflation will be inevitable, but at the same time the economy will be stagnant. All these economic uncertainties had recently caused major corrections in stock markets around the world. Macro scenario may point to a period of consolidation and adjustment in the coming year after a robust economic growth in the last 18 months. Despite these negative factors, the Group is cautiously optimistic about the economic development of Hong Kong in the coming years. We believe business and economic development in Hong Kong will continue to make good progress. The 12th Five Year Plan promulgated earlier this year by the Chinese Central Government gave further staunch support to Hong Kong's long term stability and prosperity. Global investment focus has already begun to shift from the West to the East within which Hong Kong is able to draw major interest due to its unique positioning with Mainland China. In addition, it is expected that Renminbi business of different sorts will have stronger growth in the coming years, and Hong Kong will continue to draw interest from around the globe in the area of capital raising and Initial Public Offerings. We envisage that investment and business activities from across the broader will further be relaxed and it will benefit our economic pillar industries such as finance and accounting, asset management etc.

The Group will continue to explore ways to enhance our services to tenants with a view to attracting more quality retail operators to our property portfolio so as to further improve the trade mix. Market consolidation and adjustment may be a challenge to some but the Group sees it as a good opportunity to look for suitable business expansion which is necessary 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\$3.0 million, decreased by 19.6% from HK\$3.8 million when compared to the same period last year as the Group's bank borrowings was reduced during the period.

The gearing ratio, which is calculated as the ratio of net bank borrowings to shareholders' funds, was 5.5% (31 December 2010: 7.0% (as restated)). As at 30 June 2011, the total bank borrowing decreased to HK\$310.6 million from HK\$372.1 million at end of 2010. Certain investment properties with aggregate carrying value of HK\$3,317.0 million (31 December 2010: HK\$3,015.0 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\$70.0 million is repayable and renewable within one year.

The following is the maturing profile of the Group's bank borrowings as of 30 June 2011:

Within one year	36.4%
In the second year	13.9%
In the third to fifth years, inclusive	26.7%
Beyond five years	23.0%
	<u>100.0%</u>

As at 30 June 2011, the Group's cash and cash equivalents was HK\$61.6 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

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### Contingent Liabilities

As at 30 June 2011, the Company has executed guarantees totalling HK\$991.2 million (31 December 2010: HK\$1,012.7 million), with respect to banking facilities made available to its subsidiaries, of which HK\$310.6 million were utilised (31 December 2010: HK\$372.1 million).

### Staff

As at 30 June 2011, the Group employed 43 staff 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 depending upon the financial performance of the Group.

### Interim Dividend

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: 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 2011, 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 <sup>1</sup>	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 <sup>2</sup>	41.66%



## Disclosure of Interests

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

Notes:

- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> All of the interests disclosed above represent long positions.

Save as disclosed herein, as at 30 June 2011, 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 of the Company.

### Share Options

On 29 April 2005, the Company adopted a share option 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 reporting period; nor were there any outstanding options at the beginning and at the end of the period.

## Disclosure of Interests

### Interests and Short Positions of Shareholders

As at 30 June 2011, 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 <sup>1</sup>	34.14%
Chongqing Industrial	Interest of controlled corporation	273,000,000 <sup>1</sup>	34.14%
Yugang International	Interest of controlled corporation	273,000,000 <sup>1</sup>	34.14%
Yugang BVI	Interest of controlled corporation	273,000,000 <sup>1</sup>	34.14%
Funrise	Beneficial owner	273,000,000	34.14%

Note:

<sup>1</sup> Each parcel of the 273,000,000 shares represents a long position and Funrise's shareholding interest in the Company (which is also duplicated in Mr. C.K. Cheung's interest in the Company's shares). Palin Holdings, Chongqing Industrial, Yugang International and Yugang BVI were deemed to be interested in those shares by virtue of their direct/indirect shareholding in Funrise.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2011, 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 6 and 7.

## Other Information

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### 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 no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out within 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

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

### Review by Audit Committee

The interim report has been reviewed by the audit committee. The audit committee has also reviewed the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters with the management.

## Other Information

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### Directors' Information

The Company has not been advised by the 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

The board wishes to express its 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, 26 August 2011

## Condensed Consolidated Income Statement

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
	Notes	2011	2010
		HK\$'000	HK\$'000
			(Restated)
<b>REVENUE</b>	2, 3	77,299	70,077
Direct outgoings		(4,008)	(4,243)
Cost of properties sold		—	(280)
		<u>73,291</u>	<u>65,554</u>
Other income		1,017	336
Other expense		(62,716)	—
Administrative expenses		(11,226)	(10,210)
Finance costs		(3,023)	(3,760)
Changes in fair value of investment properties		303,136	170,974
Share of results of an associate		71,406	72,659
		<u>371,885</u>	<u>295,553</u>
<b>PROFIT BEFORE TAX</b>	4	371,885	295,553
Income tax expense	5	(8,877)	(7,210)
		<u>363,008</u>	<u>288,343</u>
<b>PROFIT FOR THE PERIOD</b>		<u>363,008</u>	<u>288,343</u>
<b>Attributable to:</b>			
Equity holders of the Company		363,008	288,360
Non-controlling interests		—	(17)
		<u>363,008</u>	<u>288,343</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO</b>			
<b>ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic earnings per share	6	HK45.4 cents	HK36.1 cents
Diluted earnings per share	6	HK45.2 cents	HK35.8 cents

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
		(Restated)
<b>PROFIT FOR THE PERIOD</b>	<b>363,008</b>	<b>288,343</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Share of other comprehensive loss of an associate	(3,670)	(4,057)
Realised reserves upon deemed disposal of partial investment in an associate	(122)	—
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(3,792)</b>	<b>(4,057)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>359,216</b>	<b>284,286</b>
<b>Attributable to:</b>		
Equity holders of the Company	359,216	284,303
Non-controlling interests	—	(17)
	<b>359,216</b>	<b>284,286</b>



## Condensed Consolidated Statement of Financial Position

30 June 2011	Notes	30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000 (Restated)	1 January 2010 HK\$'000 (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	8	102	92	372
Investment properties	9	3,335,500	3,031,200	2,654,900
Investment in an associate		1,522,150	1,545,198	1,420,354
Other investments		1,603	1,603	793
Total non-current assets		<u>4,859,355</u>	<u>4,578,093</u>	<u>4,076,419</u>
<b>CURRENT ASSETS</b>				
Properties held for sale		—	—	275
Trade receivables	10	1,555	1,664	2,293
Other receivables, deposits and prepayments		10,850	10,512	8,641
Dividend receivable from an associate		9,315	—	—
Cash and cash equivalents		61,642	80,320	66,934
Total current assets		<u>83,362</u>	<u>92,496</u>	<u>78,143</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	11	2,005	1,264	725
Other payables and accrued expenses		62,085	71,317	75,839
Bank loans, secured	12	113,000	153,000	286,700
Tax payable		7,730	2,844	3,306
Total current liabilities		<u>184,820</u>	<u>228,425</u>	<u>366,570</u>
<b>NET CURRENT LIABILITIES</b>		<u>(101,458)</u>	<u>(135,929)</u>	<u>(288,427)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,757,897</u>	<u>4,442,164</u>	<u>3,787,992</u>
<b>NON-CURRENT LIABILITIES</b>				
Bank loans, secured	12	197,600	219,100	180,000
Deferred tax liabilities		63,490	61,486	57,208
Total non-current liabilities		<u>261,090</u>	<u>280,586</u>	<u>237,208</u>
Net assets		<u>4,496,807</u>	<u>4,161,578</u>	<u>3,550,784</u>
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the Company</b>				
Issued share capital	13	79,956	79,956	79,956
Reserves		4,416,851	4,057,635	3,451,129
Proposed final dividends		—	23,987	19,989
		<u>4,496,807</u>	<u>4,161,578</u>	<u>3,551,074</u>
Non-controlling interests		—	—	(290)
Total equity		<u>4,496,807</u>	<u>4,161,578</u>	<u>3,550,784</u>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011 – Unaudited

	Attributable to equity holders of the Company											
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve of an associate HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed final dividends HK\$'000	Total	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2011												
As previously reported	79,956	95,738	1,350	1,800	1,321,935	9,297	(1,427)	2,422,984	23,987	3,955,620	—	3,955,620
Change in accounting policy	—	—	—	—	—	—	—	205,958	—	205,958	—	205,958
As restated	79,956	95,738	1,350	1,800	1,321,935	9,297	(1,427)	2,628,942	23,987	4,161,578	—	4,161,578
Profit for the period	—	—	—	—	—	—	—	363,008	—	363,008	—	363,008
Other comprehensive (loss)/income for the period	—	—	—	—	—	(6,794)	3,002	—	—	(3,792)	—	(3,792)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(6,794)	3,002	363,008	—	359,216	—	359,216
2010 final dividends declared and paid	—	—	—	—	—	—	—	—	(23,987)	(23,987)	—	(23,987)
At 30 June 2011	79,956	95,738*	1,350*	1,800*	1,321,935*	2,503*	1,575*	2,991,950*	—	4,496,807	—	4,496,807

\* These reserve accounts comprise the consolidated reserves of HK\$4,416,851,000 (31 December 2010: HK\$4,057,635,000 (as restated)) in the condensed consolidated statement of financial position.

## 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	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	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2010												
As previously reported	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
Change in accounting policy	—	—	—	—	—	—	—	145,407	—	145,407	—	145,407
As restated	79,956	95,738	1,350	1,800	1,321,935	(11,444)	(4,664)	2,046,414	19,989	3,551,074	(290)	3,550,784
Profit for the period, as restated	—	—	—	—	—	—	—	288,360	—	288,360	(17)	288,343
Other comprehensive (loss)/income for the period	—	—	—	—	—	(4,441)	384	—	—	(4,057)	—	(4,057)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(4,441)	384	288,360	—	284,303	(17)	284,286
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, as restated	79,956	95,738	1,350	1,800	1,321,935	(15,885)	(4,280)	2,334,467	—	3,815,081	—	3,815,081

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows from operating activities	49,316	43,766
Net cash flows from investing activities	17,493	20,321
Net cash flows used in financing activities	(85,487)	(43,089)
Net (decrease)/increase in cash and cash equivalents	(18,678)	20,998
Cash and cash equivalents at 1 January	80,320	66,934
Cash and cash equivalents at 30 June	61,642	87,932
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	5,642	57,932
Non-pledged time deposits with original maturity of less than three months when acquired	56,000	30,000
	61,642	87,932

# Notes to Interim Financial Statements

30 June 2011

## 1 Basis of Preparation and Accounting Policies

These unaudited interim condensed consolidated 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 interim condensed consolidated 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 2010.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2010 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 Amendment	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 12 Amendments	Amendments to HKAS 12 Income Tax - Deferred Tax: Recovery of Underlying Assets
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation - Classification of Rights Issues
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

Apart from the above, the Group has also adopted Improvements to HKFRSs 2010\* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

\* Improvements to HKFRSs 2010 contain amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-13.

## Notes to Interim Financial Statements

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

Other than as further explained below regarding the impact of HKAS 12 Amendments and an amendment to HKAS 34 included in Improvements to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements.

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

#### (a) Early Adoption of Amendments to HKAS 12 Income Tax - Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 12 introduce a rebuttable presumption that deferred tax on investment property measured using the fair value model in HKAS 40 "Investment Property" should be determined on the basis that its carrying amount will be recovered through sale. Although the amendments are effective for annual periods beginning on or after 1 January 2012, the Group has decided to early adopt the amendments in these unaudited interim condensed consolidated financial statements.

As a result of the change in accounting policy arising from amendments to HKAS 12, the Group now measures any deferred tax liability in respect of the Group's investment properties using tax rate that would apply on recovery of the assets through sale, rather than through use prior to adoption of these amendments. This change in accounting policy has been applied retrospectively with opening balance of retained profits being adjusted for the earliest prior period presented, and income tax expense, earnings per share and deferred tax liability for prior period being adjusted for each prior period presented as if this new accounting policy had always been applied. The effects on the condensed consolidated income statement, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity and basic and diluted earnings per share of the Group are summarised as follows:



## Notes to Interim Financial Statements

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

#### (a) Early Adoption of Amendments to HKAS 12 Income Tax - Deferred Tax: Recovery of Underlying Assets *(continued)*

Condensed consolidated income statement for the six months ended 30 June

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Decrease in income tax expense	<u>49,965</u>	<u>28,235</u>
Increase in profit for the period and profit attributable to equity holders of the Company for the period	<u>49,965</u>	<u>28,235</u>
Increase in basic and diluted earnings per share attributable to ordinary equity holders of the Company	<u>HK6.2 cents</u>	<u>HK3.6 cents</u>

Condensed consolidated statement of financial position at the end of the reporting period

	30 June 2011 <i>HK\$'000</i>	31 December 2010 <i>HK\$'000</i>	1 January 2010 <i>HK\$'000</i>
Decrease in deferred tax liabilities	<u>255,923</u>	<u>205,958</u>	<u>145,407</u>
Increase in retained profits	<u>255,923</u>	<u>205,958</u>	<u>145,407</u>

Due to the retrospective application of the amendments which have resulted in the restatement of items in the condensed consolidated statement of financial position, a condensed consolidated statement of financial position as at 1 January 2010 is presented in these unaudited interim condensed consolidated financial statements.

#### (b) Amendment to HKAS 34 Interim Financial Reporting

Amendment to HKAS 34 requires additional disclosures for fair values and changes in classification of financial assets in interim financial statements. The respective disclosures requirements have been set out in note 18 to these unaudited interim condensed consolidated financial statements.

## Notes to Interim Financial Statements

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

Except for the amendments to HKAS 12 Income Tax - Deferred Tax: Recovery of Underlying Assets as explained above, the Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited interim condensed consolidated financial statements. However, the Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application, certain of which may be relevant to the Group's operation and may result in changes in the Group's accounting policies, and changes in presentation and measurement of certain items of the Group's financial information.

### 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 of 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 cash equivalents 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 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	HK\$'000
2011					
Segment revenue	<u>73,143</u>	<u>—</u>	<u>4,156</u>	<u>—</u>	<u>77,299</u>
Segment results	362,690	—	3,528	—	366,218
Loss on deemed disposal of partial investment in an associate	—	—	—	(62,716)	(62,716)
Finance costs					(3,023)
Share of results of an associate	—	—	—	71,406	<u>71,406</u>
Profit before tax					371,885
Income tax expense	(8,041)	—	(369)	—	(8,410)
Unallocated income tax expense					<u>(467)</u>
Profit for the period					<u><u>363,008</u></u>

## Notes to Interim Financial Statements

### 2 Operating Segment Information *(continued)*

	Unaudited				
	Six months ended 30 June				
	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>
<b>2011</b>					
<b>Assets and liabilities</b>					
Segment assets	3,347,747	—	260	—	3,348,007
Investment in an associate	—	—	—	1,522,150	1,522,150
Dividend receivable from an associate	—	—	—	9,315	9,315
Unallocated assets					63,245
Total assets					<u>4,942,717</u>
Segment liabilities	129,711	—	6,071	7	135,789
Unallocated liabilities					310,121
Total liabilities					<u>445,910</u>
<b>Other segment information:</b>					
Capital expenditure	1,164	—	32	—	1,196
Depreciation	—	—	22	—	22
Changes in fair value of investment properties	<u>303,136</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>303,136</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>
2010 <i>(Restated)</i>					
Six months ended 30 June					
<i>(Unaudited)</i>					
Segment revenue	65,175	270	4,632	—	70,077
Segment results	222,957	(10)	3,707	—	226,654
Finance costs					(3,760)
Share of results of an associate	—	—	—	72,659	72,659
Profit before tax					295,553
Income tax expense	(6,807)	—	(385)	—	(7,192)
Unallocated income tax expense					(18)
Profit for the period					288,343

## 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>
2010 <i>(Restated)</i>					
At 31 December					
<b>Assets and liabilities</b>					
Segment assets	3,043,002	—	466	—	3,043,468
Investment in an associate	—	—	—	1,545,198	1,545,198
Unallocated assets					81,923
Total assets					<u>4,670,589</u>
Segment liabilities	130,611	—	5,245	14	135,870
Unallocated liabilities					373,141
Total liabilities					<u>509,011</u>
Six months ended 30 June					
<i>(Unaudited)</i>					
<b>Other segment information:</b>					
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)*

#### Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Hong Kong	<u>77,299</u>	<u>70,077</u>

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

(b) Non-current assets

	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	
Hong Kong	4,848,246	4,567,280
Mainland China	<u>9,506</u>	<u>9,210</u>
	<u>4,857,752</u>	<u>4,576,490</u>

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

#### Information about a major customer

During the period ended 30 June 2011, revenue of approximately HK\$9,900,000 (2010: HK\$6,140,000) was derived from a single customer under the property investment segment.

## Notes to Interim Financial Statements

### 3 Revenue

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

### 4 Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Loss on deemed disposal of partial investment in an associate	62,716	—
Depreciation	22	154
Staff costs (including executive directors' remuneration):		
Wages and salaries	6,084	5,430
Pension scheme contributions	238	184
	<u>6,322</u>	<u>5,614</u>
Interest expenses	2,457	2,858
Interest income	(55)	(10)
	<u><u>        </u></u>	<u><u>        </u></u>

## Notes to Interim Financial Statements

### 5 Income Tax Expense

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
		(Restated)
Current - Hong Kong	6,873	4,984
Deferred	2,004	2,226
Total tax charge for the period	<u>8,877</u>	<u>7,210</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

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

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

The calculation of the diluted earnings per share amount for the period is based on the adjusted profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the effects of all potentially dilutive ordinary shares of an associate of the Group as a result of dilution of investment in an associate, and the weighted average number of ordinary shares in issue during the period.

## Notes to Interim Financial Statements

### 6 Earnings Per Share Attributable to Ordinary Equity Holders of the Company *(continued)*

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

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
		<i>(Restated)</i>
<u>Earnings</u>		
Profit for the period attributable to ordinary equity holders of the Company	363,008	288,360
Effects of all potentially dilutive ordinary shares of an associate of the Group	(1,433)	(2,435)
	<u>361,575</u>	<u>285,925</u>
	Number of shares	
	2011	2010
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<u>799,557,415</u>	<u>799,557,415</u>

### 7 Dividends

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2011 (2010: Nil).

## Notes to Interim Financial Statements

### 8 Property, Plant and Equipment

	30 June 2011 <i>HK\$'000</i> (Unaudited)	31 December 2010 <i>HK\$'000</i>
Net carrying amount at 1 January	92	372
Additions	32	6
Write-off	(21)	(39)
Depreciation provided during the period/year	(22)	(286)
Write-back of depreciation	21	39
Net carrying amount at 30 June/31 December	<u>102</u>	<u>92</u>

### 9 Investment Properties

	30 June 2011 <i>HK\$'000</i> (Unaudited)	31 December 2010 <i>HK\$'000</i>
Carrying amount at 1 January	3,031,200	2,654,900
Additions	1,164	8,641
Fair value adjustment	<u>303,136</u>	<u>367,659</u>
Carrying amount at 30 June/31 December	<u>3,335,500</u>	<u>3,031,200</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 2011 and 31 December 2010, respectively.

## Notes to Interim Financial Statements

### 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 2011 <i>HK\$'000</i> (Unaudited)	31 December 2010 <i>HK\$'000</i>
0 - 30 days	1,496	116
31 - 60 days	28	1,460
Over 60 days	31	88
	<u>1,555</u>	<u>1,664</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.

### 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 2011 <i>HK\$'000</i> (Unaudited)	31 December 2010 <i>HK\$'000</i>
0 - 30 days	<u>2,005</u>	<u>1,264</u>

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



## Notes to Interim Financial Statements

### 12 Bank Loans, Secured

	30 June 2011 <i>HK\$'000</i> (Unaudited)	31 December 2010 <i>HK\$'000</i>
Bank loans are repayable as follows:		
Within one year or on demand	113,000	153,000
In the second year	43,000	43,000
In the third to fifth years, inclusive	83,000	94,500
Beyond five years	71,600	81,600
	<u>310,600</u>	<u>372,100</u>
Amounts classified under current liabilities	<u>(113,000)</u>	<u>(153,000)</u>
Amounts classified under non-current liabilities	<u>197,600</u>	<u>219,100</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 2011 and the year ended 31 December 2010 were 1.39% and 1.36%, 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\$3,317,000,000 (31 December 2010: HK\$3,015,000,000) and the assignment of rental income from certain properties. In addition, the Company has pledged all the issued shares of certain subsidiaries and subordinated its loans to certain subsidiaries in favour of the lenders of the above bank loans; and
- (b) corporate guarantees issued by the Company.

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

## Notes to Interim Financial Statements

### 13 Share Capital

#### Shares

	30 June 2011 <i>HK\$'000</i> (Unaudited)	31 December 2010 <i>HK\$'000</i>
Authorised:		
1,500,000,000 ordinary shares of HK\$0.1 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
799,557,415 (31 December 2010: 799,557,415) ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

### 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 2011 <i>HK\$'000</i> (Unaudited)	31 December 2010 <i>HK\$'000</i>
Within one year	136,960	130,521
In the second to fifth years, inclusive	<u>139,657</u>	<u>138,569</u>
	<u>276,617</u>	<u>269,090</u>

## Notes to Interim Financial Statements

### 14 Operating Lease Arrangements *(continued)*

#### (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 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000
Within one year	1,273	1,273
In the second to fifth years, inclusive	1,505	2,199
	<u>2,778</u>	<u>3,472</u>

### 15 Commitments

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

	30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000
Contracted, but not provided for	2,177	6,520
Authorised, but not contracted for	17,054	14,357
	<u>19,231</u>	<u>20,877</u>

### 16 Contingent Liabilities

The Company has executed guarantees totalling HK\$991,176,000 (31 December 2010: HK\$1,012,676,000), with respect to banking facilities made available to its subsidiaries, of which HK\$310,600,000 were utilised as at 30 June 2011 (31 December 2010: HK\$372,100,000).

## Notes to Interim Financial Statements

### 17 Related Party Transactions

- (a) In addition to the balances and transactions elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following significant transactions with related parties during the period:

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Administrative staff costs paid to a shareholder ( <i>Note</i> )	739	525
	<u>739</u>	<u>525</u>

*Note:* 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	
	2011	2010
	HK\$'000	HK\$'000
Short term employee benefits	2,170	2,020
Post-employment benefits	109	101
	<u>2,279</u>	<u>2,121</u>
Total compensation paid to key management personnel	<u>2,279</u>	<u>2,121</u>

## Notes to Interim Financial Statements

### 18 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

At 30 June 2011

	Level 1 <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Available-for-sale investments:		
Other investments	1,603	1,603

At 31 December 2010

	Level 1 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Available-for-sale investments:		
Other investments	1,603	1,603

During the period/year, there were no transfers into or out of Level 1 fair value measurements.

### 19 Approval of the Interim Financial Statements

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 26 August 2011.