



渝太地產集團有限公司
Y. T. REALTY GROUP LIMITED

Stock Code : 75



INTERIM REPORT 2012

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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

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

Nomination Committee

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

Authorised Representative

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

Secretary

Albert T. da Rosa, Jr.

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Office

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26 Harbour Road
Wanchai
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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
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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 2012. 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 2012, and the consolidated statement of financial position of the Group as at 30 June 2012, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 11 to 31 of this report.

Business Review

The Group's net profit attributable to shareholders for the first six months of 2012 was HK\$252.7 million which is 30.4% lower than the results of the corresponding period of 2011. Earnings per share for the first six-month period of 2012 amounted to HK31.6 cents (2011: HK45.4 cents). Excluding the effect of property revaluation and the loss resulting from deemed dilution of investment in the associated company recorded in the first half of 2011, the Group recorded a net profit increase of 15.2% when compared with the last corresponding period.

For the first half of 2012, the Group's revenue increased by 13.5% to HK\$87.7 million as compared to the last corresponding period. Rental income from investment properties amounted to HK\$82.7 million, up 13.1% from HK\$73.1 million. During the period under review, the Group's core properties recorded steady increase in overall rental rates.

During the first half of 2012, Hong Kong was able to continue its steady advancement on an economic recovery path amidst instability of global market environment. Strong public fiscal reserve which is needed to fund our infrastructural projects and investments, coupled with low interest rate environment were the major supportive factors to our economic growth and the constant improvement in employment rate. Tourist arrival in Hong Kong reached another new milestone; thanks to strong Renminbi and the staunch support of the Central Government, which in term boosted our year-on-year retail transaction volume to an enviable level despite at slower growth rate when compared with previous years' records. In the property sector, the Special Stamp Duty which was introduced some two years ago to curb overheated residential property market did effectively serve its purpose. Investors shifted their focus on retail sector instead and there were notable rise in both transactions and value in the otherwise quiet first half of 2012 while the market was expecting a clear direction from the new Government of Hong Kong who assumed new administrative responsibility on 1 July 2012.

Management Discussion and Analysis

Business Review *(continued)*

Under this volatile market environment with global economic uncertainties, the Group was pleased to report a solid half-year result for 2012. Overall rental rate recorded a double-digit growth whilst occupancy rate was pleasingly maintained at over 97%. During the period under review, we had successfully attracted a number of new quality tenants to our buildings, including Just Gold, Hakata Ippudo noodle restaurant, Sen-ryo sushi restaurant, Prive entertainment club and S.P.H. fashion retailer, etc., The successful rebranding of our properties as “vertical fashion, retail and beauty centre” together with proactive services to the tenants were, inter alia, the main contributors to such satisfactory leasing result.

The Group’s investment property portfolio was independently valued at the end of the period resulting in a revaluation surplus of HK\$111.5 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\$81.1 million (2011: HK\$71.4 million), an increase of 13.6% from last period. Cross-Harbour is listed on The Stock Exchange of Hong Kong Limited and it is engaged in investment and management of tunnels, motoring schools and highway and tunnel toll system.

Prospects

While we are enjoying a relatively stable market environment in Hong Kong, there are nonetheless great uncertainties and negative sentiments in other major markets of the world, particularly the US and Europe. It is becoming apparent that even with all previous economic and financial reforms, many of these countries have been unable to maintain a sustainable economic growth for their own market. For the Mainland where we heavily depend on for many policy and financial supports, economic progress is beginning to slow down. On the other side of the coin, increased threats and challenges on economic recovery and stability means better chance for triggering another new wave of stimulus measures and reforms by the world’s major economies, and such economic boosters, if materialized will certainly offer ample opportunities for Hong Kong which is best known for its free market and great resiliency in attracting foreign investments. As such, the Group is cautiously optimistic about the economic development of Hong Kong in the coming years. We are confident that the new Government will not spare any efforts in making progress on business and economic development for Hong Kong and we believe that the new administration will steer us towards a more balanced and stable society in the long run.

Management Discussion and Analysis

Prospects *(continued)*

It is envisaged that the years ahead will be full of challenges but not without opportunities. The Group will continue to strengthen its balance sheet to position itself for necessary but suitable business expansion. At the same time, we will continue to explore ways to improve and enhance our services to tenants from multiple perspectives. This long term commitment which involves investment on both hardware and software is necessary under the current fierce competitive market environment so as to attract more quality brands to join our property portfolio. The underlining objective of our endeavours is to ensure sustainable long term corporate earnings for our shareholders.

Financing and Liquidity

The Group's financial expenses for the period amounted to HK\$2.4 million, decreased by 22.1% from HK\$3.0 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 2.6% (31 December 2011: 3.9%). As at 30 June 2012, the total bank borrowings decreased to HK\$197.6 million from HK\$249.1 million at end of 2011. Certain investment properties with aggregate carrying value of HK\$3,427.0 million (31 December 2011: HK\$3,315.6 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.

The following is the maturing profile of the Group's bank borrowings as of 30 June 2012:

Within one year	21.8%
In the second year	21.8%
In the third to fifth years, inclusive	30.3%
Beyond five years	26.1%
	100.0%

As at 30 June 2012, the Group's cash and cash equivalents was HK\$72.2 million. With cash, available banking facilities, and recurring rental income, the Group has sufficient resources to meet the foreseeable funding needs for working capital and capital expenditure.

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

Management Discussion and Analysis

Contingent Liabilities

As at 30 June 2012, the Company has executed guarantees totalling HK\$948.2 million (31 December 2011: HK\$969.7 million), with respect to banking facilities made available to its subsidiaries, of which HK\$197.6 million were utilised (31 December 2011: HK\$249.1 million).

Staff

As at 30 June 2012, the Group employed 45 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 2012 (2011: 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 2012, 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	41.66%

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 of the interests disclosed above represent long positions.

Save as disclosed herein, as at 30 June 2012, 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

The existing share option scheme was adopted by the Company in its general meeting on 29 April 2005. Details of the scheme 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 2012, 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 ¹	34.14%
Chongqing Industrial	Interest of controlled corporation	273,000,000 ¹	34.14%
Yugang International	Interest of controlled corporation	273,000,000 ¹	34.14%
Yugang BVI	Interest of controlled corporation	273,000,000 ¹	34.14%
Funrise	Beneficial owner	273,000,000	34.14%

Note:

¹ Each parcel of 273,000,000 shares represents a long position and Funrise's 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 2012, 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

Corporate Governance Code

Throughout the accounting period covered by the interim report, the Company has met the code provisions of the Corporate Governance 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"), save that the Company has no formal letters of appointment for directors except the managing director and has therefore deviated from code provision D.1.4 of the Corporate Governance Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation in the manner prescribed under the bye-laws of the Company and shareholders are given (at the same time as the notice of the relevant shareholders' meeting) information that is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules and such other information reasonably necessary to enable them to make an informed decision on whether to vote for and against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting.

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 Corporate Governance Code) at least as exacting as the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out within Appendix 10 to the Listing Rules.

All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard set out 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

Directors' Information

The Company has not been advised by its 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, 27 August 2012

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

		Unaudited	
		Six months ended 30 June	
	Notes	2012	2011
		HK\$'000	HK\$'000
REVENUE	2, 3	87,705	77,299
Direct outgoings		<u>(4,382)</u>	<u>(4,008)</u>
		83,323	73,291
Other income		1,037	1,017
Other expense		—	(62,716)
Administrative expenses		(11,519)	(11,226)
Finance costs		(2,354)	(3,023)
Changes in fair value of investment properties		111,530	303,136
Share of results of an associate		<u>81,146</u>	<u>71,406</u>
PROFIT BEFORE TAX	4	263,163	371,885
Income tax expense	5	<u>(10,467)</u>	<u>(8,877)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u><u>252,696</u></u>	<u><u>363,008</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share	6	HK31.6 cents	HK45.4 cents
Diluted earnings per share	6	<u>HK31.6 cents</u>	<u>HK45.2 cents</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Unaudited	
	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE PERIOD	252,696	363,008
OTHER COMPREHENSIVE INCOME/(LOSS)		
Share of other comprehensive income/(loss) of an associate	18,258	(3,670)
Realised reserves upon deemed dilution of investment in an associate	—	(122)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	18,258	(3,792)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	270,954	359,216

Condensed Consolidated Statement of Financial Position

30 June 2012

	<i>Notes</i>	30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,373	1,438
Investment properties	9	3,446,600	3,334,800
Investment in an associate		1,561,379	1,489,922
Other investments		1,900	1,900
Total non-current assets		<u>5,011,252</u>	<u>4,828,060</u>
CURRENT ASSETS			
Trade receivables	10	865	1,894
Other receivables, deposits and prepayments		12,760	13,380
Dividend receivable from an associate		9,315	—
Cash and cash equivalents		72,238	71,713
Total current assets		<u>95,178</u>	<u>86,987</u>
CURRENT LIABILITIES			
Trade payables	11	889	3,731
Other payables and accrued expenses		61,925	73,634
Bank loans, secured	12	43,000	73,000
Tax payable		10,325	1,847
Total current liabilities		<u>116,139</u>	<u>152,212</u>
NET CURRENT LIABILITIES		<u>(20,961)</u>	<u>(65,225)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,990,291</u>	<u>4,762,835</u>
NON-CURRENT LIABILITIES			
Bank loans, secured	12	154,600	176,100
Deferred tax liabilities		67,636	65,647
Total non-current liabilities		<u>222,236</u>	<u>241,747</u>
Net assets		<u>4,768,055</u>	<u>4,521,088</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	13	79,956	79,956
Reserves		4,688,099	4,417,145
Proposed final dividends		—	23,987
Total equity		<u>4,768,055</u>	<u>4,521,088</u>

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2012 - Unaudited

	Attributable to equity holders of the Company									
	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Investment Contributed surplus <i>HK\$'000</i>	Investment revaluation reserve of an associate <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Proposed final dividends <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2012	79,956	95,738	1,350	1,800	1,321,935	(42,873)	3,416	3,035,779	23,987	4,521,088
Profit for the period	—	—	—	—	—	—	—	252,696	—	252,696
Other comprehensive income for the period	—	—	—	—	—	17,474	784	—	—	18,258
Total comprehensive income for the period	—	—	—	—	—	17,474	784	252,696	—	270,954
2011 final dividends declared and paid	—	—	—	—	—	—	—	—	(23,987)	(23,987)
At 30 June 2012	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>1,321,935*</u>	<u>(25,399)*</u>	<u>4,200*</u>	<u>3,288,475*</u>	<u>—</u>	<u>4,768,055</u>
At 1 January 2011	79,956	95,738	1,350	1,800	1,321,935	9,297	(1,427)	2,628,942	23,987	4,161,578
Profit for the period	—	—	—	—	—	—	—	363,008	—	363,008
Other comprehensive (loss)/ income for the period	—	—	—	—	—	(6,794)	3,002	—	—	(3,792)
Total comprehensive (loss)/ income for the period	—	—	—	—	—	(6,794)	3,002	363,008	—	359,216
2010 final dividends declared and paid	—	—	—	—	—	—	—	—	(23,987)	(23,987)
At 30 June 2011	<u>79,956</u>	<u>95,738</u>	<u>1,350</u>	<u>1,800</u>	<u>1,321,935</u>	<u>2,503</u>	<u>1,575</u>	<u>2,991,950</u>	<u>—</u>	<u>4,496,807</u>

* These reserve accounts comprise the consolidated reserves of HK\$4,688,099,000 (31 December 2011: HK\$4,417,145,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Unaudited	
	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows from operating activities	57,600	49,316
Net cash flows from investing activities	18,412	17,493
Net cash flows used in financing activities	<u>(75,487)</u>	<u>(85,487)</u>
Net increase/(decrease) in cash and cash equivalents	525	(18,678)
Cash and cash equivalents at 1 January	<u>71,713</u>	<u>80,320</u>
Cash and cash equivalents at 30 June	<u><u>72,238</u></u>	<u><u>61,642</u></u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	10,738	5,642
Non-pledged time deposits with original maturity of less than three months when acquired	<u>61,500</u>	<u>56,000</u>
	<u><u>72,238</u></u>	<u><u>61,642</u></u>

Notes to Interim Financial Statements

30 June 2012

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 2011.

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 2011 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 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets

The adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements.

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.

Notes to Interim Financial Statements

30 June 2012

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 income 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

30 June 2012

2 Operating Segment Information *(continued)*

	Unaudited Six months ended 30 June				Consolidated HK\$'000
	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	
2012					
Segment revenue	<u>82,711</u>	<u>—</u>	<u>4,994</u>	<u>—</u>	<u>87,705</u>
Segment results	180,648	—	3,723	—	184,371
Finance costs					(2,354)
Share of results of an associate	—	—	—	81,146	<u>81,146</u>
Profit before tax					263,163
Income tax expense	(9,431)	—	(369)	—	(9,800)
Unallocated income tax expense					<u>(667)</u>
Profit for the period					<u><u>252,696</u></u>

Notes to Interim Financial Statements

30 June 2012

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
2012					
Assets and liabilities					
Segment assets	3,461,035	—	563	—	3,461,598
Investment in an associate	—	—	—	1,561,379	1,561,379
Dividend receivable					
from an associate	—	—	—	9,315	9,315
Unallocated assets					74,138
Total assets					<u>5,106,430</u>
Segment liabilities	131,734	—	8,228	24	139,986
Unallocated liabilities					198,389
Total liabilities					<u>338,375</u>
Other segment information:					
Capital expenditure	371	—	—	—	371
Depreciation	165	—	1	—	166
Changes in fair value of					
investment properties	<u>111,530</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>111,530</u>

Notes to Interim Financial Statements

30 June 2012

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>
2011					
Six months ended 30 June (Unaudited)					
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 dilution of 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

30 June 2012

2 Operating Segment Information *(continued)*

	Property investment <i>HK\$'000</i>	Property trading <i>HK\$'000</i>	Property 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>
2011					
At 31 December					
(Audited)					
Assets and liabilities					
Segment assets	3,350,547	—	965	—	3,351,512
Investment in an associate	—	—	—	1,489,922	1,489,922
Unallocated assets					<u>73,613</u>
Total assets					<u><u>4,915,047</u></u>
Segment liabilities	136,921	—	7,800	16	144,737
Unallocated liabilities					<u>249,222</u>
Total liabilities					<u><u>393,959</u></u>
Six months ended 30 June					
(Unaudited)					
Other segment information:					
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

30 June 2012

2 Operating Segment Information *(continued)*

Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<u>87,705</u>	<u>77,299</u>

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

(b) Non-current assets

	30 June	31 December
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Hong Kong	4,999,348	4,816,155
Mainland China	<u>10,004</u>	<u>10,005</u>
	<u>5,009,352</u>	<u>4,826,160</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 2012, revenue of approximately HK\$10,257,000 (2011: HK\$9,900,000) 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 and the income from property management and related services.

Notes to Interim Financial Statements

30 June 2012

4 Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss on deemed dilution of investment in an associate	—	62,716
Depreciation	166	22
Staff costs (including executive directors' remuneration):		
Wages and salaries	6,504	6,084
Pension scheme contributions	256	238
	<u>6,760</u>	<u>6,322</u>
Interest expenses	1,653	2,457
Interest income	(141)	(55)
	<u><u>6,760</u></u>	<u><u>6,322</u></u>

5 Income Tax Expense

	Unaudited	
	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current - Hong Kong	8,478	6,873
Deferred	1,989	2,004
	<u>10,467</u>	<u>8,877</u>
Total tax charge for the period	<u><u>10,467</u></u>	<u><u>8,877</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Notes to Interim Financial Statements

30 June 2012

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.

No adjustment has been made to the basic earnings per share amount for the period ended 30 June 2012 as no diluting events existed during the period.

The calculation of the diluted earnings per share amount for the period ended 30 June 2011 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.

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

	Unaudited	
	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit for the period attributable to ordinary equity holders of the Company	252,696	363,008
Effects of all potentially dilutive ordinary shares of an associate of the Group	—	(1,433)
	<u>252,696</u>	<u>361,575</u>
<u>Number of shares</u>		
	2012	2011
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 2012 (2011: Nil).

Notes to Interim Financial Statements

30 June 2012

8 Property, Plant and Equipment

	30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
Net carrying amount at 1 January	1,438	92
Additions	101	1,435
Write-off	—	(1,356)
Depreciation provided during the period/year	(166)	(89)
Write-back of depreciation	—	1,356
Net carrying amount at 30 June/31 December	<u>1,373</u>	<u>1,438</u>

9 Investment Properties

	30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
Carrying amount at 1 January	3,334,800	3,031,200
Additions	270	2,512
Fair value adjustment	111,530	301,088
Carrying amount at 30 June/31 December	<u>3,446,600</u>	<u>3,334,800</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 2012 and 31 December 2011, respectively.

Notes to Interim Financial Statements

30 June 2012

10 Trade Receivables

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

	30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
0 - 30 days	498	1,680
31 - 60 days	358	141
Over 60 days	9	73
	<u>865</u>	<u>1,894</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 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
0 - 30 days	<u>889</u>	<u>3,731</u>

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

Notes to Interim Financial Statements

30 June 2012

12 Bank Loans, Secured

	30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
Bank loans are repayable as follows:		
Within one year or on demand	43,000	73,000
In the second year	43,000	43,000
In the third to fifth years, inclusive	60,000	71,500
Beyond five years	<u>51,600</u>	<u>61,600</u>
	197,600	249,100
Amounts classified under current liabilities	<u>(43,000)</u>	<u>(73,000)</u>
Amounts classified under non-current liabilities	<u>154,600</u>	<u>176,100</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 2012 and the year ended 31 December 2011 were 1.45% and 1.38%, respectively.

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

- (a) Mortgages on certain investment properties with an aggregate carrying value of HK\$3,427,000,000 (31 December 2011: HK\$3,315,600,000) 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

30 June 2012

13 Share Capital

Shares

	30 June 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
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 2011: 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 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
Within one year	165,829	154,342
In the second to fifth years, inclusive	<u>270,613</u>	<u>237,523</u>
	<u>436,442</u>	<u>391,865</u>

Notes to Interim Financial Statements

30 June 2012

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 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
Within one year	1,389	1,389
In the second to fifth years, inclusive	116	810
	<u>1,505</u>	<u>2,199</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 2012 <i>HK\$'000</i> (Unaudited)	31 December 2011 <i>HK\$'000</i> (Audited)
Contracted, but not provided for	392	5,925
Authorised, but not contracted for	8,010	7,834
	<u>8,402</u>	<u>13,759</u>

16 Contingent Liabilities

The Company has executed guarantees totalling HK\$948,176,000 (31 December 2011: HK\$969,676,000), with respect to banking facilities made available to its subsidiaries, of which HK\$197,600,000 were utilised as at 30 June 2012 (31 December 2011: HK\$249,100,000).

Notes to Interim Financial Statements

30 June 2012

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	
	2012	2011
	HK\$'000	HK\$'000
Administrative staff costs paid to a shareholder (<i>Note</i>)	<u>806</u>	<u>739</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	
	2012	2011
	HK\$'000	HK\$'000
Short term employee benefits	2,331	2,170
Post-employment benefits	<u>117</u>	<u>109</u>
Total compensation paid to key management personnel	<u>2,448</u>	<u>2,279</u>

Notes to Interim Financial Statements

30 June 2012

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:

	Level 1 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2012		
(Unaudited)		
Available-for-sale investments:		
Other investments	<u>1,900</u>	<u>1,900</u>
At 31 December 2011		
(Audited)		
Available-for-sale investments:		
Other investments	<u>1,900</u>	<u>1,900</u>

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 27 August 2012.