



渝太地產集團有限公司
Y. T. REALTY GROUP LIMITED

Stock Code : 75

2013
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

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*)

Company Secretary

Albert T. da Rosa, Jr.

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Office

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Email: investors@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
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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 2013. 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 2013, and the consolidated statement of financial position of the Group as at 30 June 2013, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 11 to 33 of this report.

Business Review

The Group's net profit attributable to shareholders for the first six months of 2013 amounted to HK\$228.2 million which was 9.7% lower than the results of the corresponding period of 2012. Earnings per share for the first six-month period of 2013 amounted to HK28.5 cents (2012: HK31.6 cents). Excluding the effect of property revaluation, the Group recorded a net profit increase of 7.1% when compared with the last corresponding period.

For the first half of 2013, the Group's revenue increased by 13.8% to HK\$99.8 million as compared to the last corresponding period. Rental income from investment properties amounted to HK\$95.4 million, up 15.3% from HK\$82.7 million. During the period under review, the Group's core properties recorded steady increase in overall rental rates.

In the first six months of 2013, the economy of Hong Kong continued to advance slowly on its economic growth path which was primarily driven by domestic consumption, continuous low unemployment rate, and improvement on minimum wages. Investment on territory-wide large-scale infrastructure projects also played a key role in supporting our stable economic development. Nonetheless, growth momentum was somehow dragged by sluggish property market which was brought about by various austerity measures including tightened lending on properties by banks and imposition of further buyer's stamp duty as well as introduction of the onerous Residential Properties (First-hand Sales) Ordinance by the Government. Demand of purchasers, be it of investors or end-users, were largely suppressed, resulting in a stagnation of overall transactions for virtually all sectors of properties. On the other hand, tight liquidity and slower economic growth in the Mainland created another negative impact on our economy. Retail sector of luxurious and high-end goods was most hard hit. As a result, demand for and rental rates of high end retail properties were notably slipped. On the whole, thanks to strong public fiscal reserve, low interest rate environment, and most importantly the relatively low gearing ratio amongst owners and investors, market volatility though emerged was not out of expectation and control.

Against this backdrop, the Group is pleased to report a healthy half-year result for 2013. Overall rental rate could still achieve an encouraging double-digit growth whilst occupancy rate stood firmly at over 98%. We ascribed such pleasing result to the prestigious locations of our properties as well as proactive marketing endeavor and tenancy service by the well trained in-house management team. More importantly, the Group's effort in establishing unique branding for our different properties served the purpose well in both retaining tenants and attracting new comers.

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\$77.1 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\$80.1 million (2012: HK\$81.1 million), decreased by 1.3% 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 the first half year's result of the Group may be encouraging, we expect the market to be rather volatile in the coming months and years which may have implication on our performance. Whilst it is expected that the United States' Federal Reserve will gradually wind down its quantitative easing programmes and, the statement of which has already created some turbulence in the global financial markets, the European Central Bank will likely be forced to maintain its Outright Monetary Transactions programmes to provide the needed funds to support the European markets. In Asia, Japan has announced to adopt a new series of quantitative easing programmes which already posed pressure on the stability of its currency. Fear of long term negative consequences by these aggressive monetary policies has begun to emerge around region.

On the Mainland which Hong Kong depends heavily on in various key aspects, slower growth seems to be inevitable due to stagnant domestic consumption and recession in European markets. In addition, tight credit and liquidity problems put a lot of pressure on many of its businesses which will have a knock-on effect on Hong Kong. That said, we do see opportunities ahead as we believe that an economic growth engine has already been ignited in Hong Kong as the Government is speeding up its various large-scale infrastructure projects and massive new town and housing scheme as well as aggressive land sales programmes. All these initiatives will help create job opportunities and stimulate growth in Gross Domestic Products for our local economy despite some of the measures may have negative impact on property value of certain sectors.

It is therefore envisaged that the years ahead will be full of challenges but not without opportunities. The continual adjustment of property value to a more reasonable level will give rise to opportunity for the Group to suitably expand its property portfolio. To this end, we will actively identify suitable projects in the near future to fulfill such strategic investment direction. On the other hand, we will spare no efforts in exploring ways to improve our property service for our tenants and to add value to our investment assets so as to secure sustainable returns for our shareholders.

Management Discussion and Analysis

Financing and Liquidity

The Group's financial expenses for the period amounted to HK\$1.8 million, decreased by 23.2% from HK\$2.4 million when compared to the same period last year as the Group's bank borrowings was reduced during the period.

As at 30 June 2013, the total bank borrowings was HK\$154.6 million, decreased from HK\$176.1 million at end of 2012. Certain investment properties with aggregate carrying value of HK\$3,590.0 million (31 December 2012: HK\$3,512.0 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.

The following is the maturing profile of the Group's bank borrowings as of 30 June 2013:

Within one year	27.8%
In the second year	12.9%
In the third to fifth years, inclusive	38.8%
Beyond five years	20.5%
	<hr/>
	<u>100.0%</u>

As at 30 June 2013, the Group's cash and cash equivalents was HK\$178.7 million. As the Group had net cash and cash equivalents of HK\$24.1 million, that represented zero gearing (31 December 2012: 0.7%). The gearing ratio, if any, is calculated as the ratio of net bank borrowings to shareholders' funds. 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 2013, the Company has executed guarantees totalling HK\$905.2 million (31 December 2012: HK\$926.7 million) with respect to banking facilities made available to its subsidiaries, out of which HK\$154.6 million were utilised (31 December 2012: HK\$176.1 million).

Staff

As at 30 June 2013, the Group employed 44 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 2013 (2012: 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 2013, the following interests of the directors in the shares of the Company and 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 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 2013, 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 Company's existing share option scheme was adopted on 29 April 2005, the details of which are given in the 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 2013, 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%
HEC Capital Limited	Interest of controlled corporation	59,800,000 ²	7.48%

Notes:

- ¹ Each parcel of 273,000,000 shares represents 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 or indirect interest in Funrise.
- ² HEC Capital Limited was deemed to be interested in 59,800,000 shares by virtue of its direct interest in Hennabun Development Limited which in turn had a direct interest in Murtsa Capital Management Limited which owned those shares.
- ³ All of the interests disclosed above represent long positions.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 30 June 2013, 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 complied with the relevant code provisions of the Corporate Governance Code (the “CG Code”) set out within Appendix 14 to the Main Board Listing Rules (the “Listing Rules”) save that the Company has no formal letters of appointment for directors except the managing director setting out the key terms and conditions of their appointment, and has therefore deviated from D.1.4 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of 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) 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 confirmed that they had 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

Mr. Lee Ka Sze, Carmelo ("Mr. Lee") was appointed as an independent non-executive director of Esprit Holdings Limited, a public company listed on The Stock Exchange of Hong Kong Limited (stock code: 330), on 25 July 2013. Other information regarding Mr. Lee is set out in the 2012 annual report of the Company.

Apart from the foregoing, the Company has not been advised by its directors of any change in the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules since its last update to shareholders.

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, 26 August 2013

Condensed Consolidated Income Statement

For the six months ended 30 June 2013

		Unaudited	
		Six months ended 30 June	
	Notes	2013	2012
		HK\$'000	HK\$'000
REVENUE	2, 3	99,823	87,705
Direct outgoings		<u>(3,202)</u>	<u>(4,382)</u>
		96,621	83,323
Other income		750	1,037
Administrative expenses		(11,984)	(11,519)
Finance costs		(1,807)	(2,354)
Changes in fair value of investment properties		77,134	111,530
Share of results of an associate		<u>80,110</u>	<u>81,146</u>
PROFIT BEFORE TAX	4	240,824	263,163
Income tax expense	5	<u>(12,618)</u>	<u>(10,467)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>228,206</u>	<u>252,696</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	6	<u>HK28.5 cents</u>	<u>HK31.6 cents</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	228,206	252,696
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive (loss)/income of an associate	(18,248)	18,258
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(18,248)	18,258
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	209,958	270,954

Condensed Consolidated Statement of Financial Position

30 June 2013

	<i>Notes</i>	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,145	1,311
Investment properties	9	3,611,500	3,532,800
Investment in an associate	10	1,694,558	1,660,643
Other investments		1,790	1,790
Total non-current assets		<u>5,308,993</u>	<u>5,196,544</u>
CURRENT ASSETS			
Trade receivables	11	336	1,617
Other receivables, deposits and prepayments		10,106	11,140
Dividend receivable from an associate		9,315	—
Cash and cash equivalents		178,650	138,845
Total current assets		<u>198,407</u>	<u>151,602</u>
CURRENT LIABILITIES			
Trade payables	12	1,200	1,921
Other payables and accrued expenses		60,787	73,903
Bank loans, secured	13	43,000	43,000
Tax payable		14,742	4,205
Total current liabilities		<u>119,729</u>	<u>123,029</u>
NET CURRENT ASSETS		<u>78,678</u>	<u>28,573</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,387,671</u>	<u>5,225,117</u>
NON-CURRENT LIABILITIES			
Bank loans, secured	13	111,600	133,100
Deferred tax liabilities		72,846	70,765
Total non-current liabilities		<u>184,446</u>	<u>203,865</u>
Net assets		<u>5,203,225</u>	<u>5,021,252</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	14	79,956	79,956
Reserves		5,123,269	4,913,311
Proposed final dividends		—	27,985
Total equity		<u>5,203,225</u>	<u>5,021,252</u>

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2013 - 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>	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 2013	79,956	95,738	1,350	1,800	1,321,935	5,489	4,016	3,482,983	27,985	5,021,252
Profit for the period	—	—	—	—	—	—	—	228,206	—	228,206
Other comprehensive income/(loss) for the period	—	—	—	—	—	(18,339)	91	—	—	(18,248)
Total comprehensive income/(loss) for the period	—	—	—	—	—	(18,339)	91	228,206	—	209,958
2012 final dividends declared and paid	—	—	—	—	—	—	—	—	(27,985)	(27,985)
At 30 June 2013	<u>79,956</u>	<u>95,738*</u>	<u>1,350*</u>	<u>1,800*</u>	<u>1,321,935*</u>	<u>(12,850)*</u>	<u>4,107*</u>	<u>3,711,189*</u>	<u>—</u>	<u>5,203,225</u>
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>

* These reserve accounts comprise the consolidated reserves of HK\$5,123,269,000 (31 December 2012: HK\$4,913,311,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows from operating activities	71,812	57,600
Net cash flows from investing activities	17,478	18,412
Net cash flows used in financing activities	<u>(49,485)</u>	<u>(75,487)</u>
Net increase in cash and cash equivalents	39,805	525
Cash and cash equivalents at 1 January	<u>138,845</u>	<u>71,713</u>
Cash and cash equivalents at 30 June	<u><u>178,650</u></u>	<u><u>72,238</u></u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	14,721	10,738
Non-pledged time deposits with original maturity of less than three months when acquired	<u>163,929</u>	<u>61,500</u>
	<u><u>178,650</u></u>	<u><u>72,238</u></u>

Notes to Interim Financial Statements

30 June 2013

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 to 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 2012.

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 2012 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 - Government Loans
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 - Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

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

Notes to Interim Financial Statements

30 June 2013

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

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 income tax expense/(credit) are excluded from this measurement.

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

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

Notes to Interim Financial Statements

30 June 2013

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	
2013					
Segment revenue	95,388	—	4,435	—	99,823
Segment results	158,806	—	3,715	—	162,521
Finance costs					(1,807)
Share of results of an associate	—	—	—	80,110	80,110
Profit before tax					240,824
Income tax expense	(11,620)	—	(387)	—	(12,007)
Unallocated income tax expense					(611)
Profit for the period					228,206

Notes to Interim Financial Statements

30 June 2013

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	
2013					
Assets and liabilities					
Segment assets	3,623,010	—	77	—	3,623,087
Investment in an associate	—	—	—	1,694,558	1,694,558
Dividend receivable from an associate	—	—	—	9,315	9,315
Unallocated assets					180,440
Total assets					<u>5,507,400</u>
Segment liabilities	140,916	—	7,937	24	148,877
Unallocated liabilities					155,298
Total liabilities					<u>304,175</u>
Other segment information:					
Capital expenditure	1,589	—	—	—	1,589
Depreciation	186	—	3	—	189
Changes in fair value of investment properties	<u>77,134</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>77,134</u>

Notes to Interim Financial Statements

30 June 2013

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

Notes to Interim Financial Statements

30 June 2013

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>
2012					
At 31 December					
(Audited)					
Assets and liabilities					
Segment assets	3,546,002	—	866	—	3,546,868
Investment in an associate	—	—	—	1,660,643	1,660,643
Unallocated assets					140,635
Total assets					<u>5,348,146</u>
Segment liabilities	143,140	—	7,550	17	150,707
Unallocated liabilities					176,187
Total liabilities					<u>326,894</u>
Six months ended 30 June					
(Unaudited)					
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 2013

2 Operating Segment Information *(continued)*

Geographical information

(a) Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Hong Kong	<u>99,823</u>	<u>87,705</u>

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

(b) Non-current assets

	30 June	31 December
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	5,296,201	5,184,051
Mainland China	<u>11,002</u>	<u>10,703</u>
	<u>5,307,203</u>	<u>5,194,754</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 2013, revenue of approximately HK\$17,140,000 (2012: HK\$10,257,000) was derived from a single customer under the property investment segment.

Notes to Interim Financial Statements

30 June 2013

3 Revenue

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

4 Profit Before Tax

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

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Depreciation	189	166
Staff costs (including executive directors' remuneration):		
Wages and salaries	7,022	6,504
Pension scheme contributions	233	256
	<u>7,255</u>	<u>6,760</u>
Interest expenses	1,082	1,653
Interest income	<u>(453)</u>	<u>(141)</u>

5 Income Tax Expense

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Current - Hong Kong	10,537	8,478
Deferred	2,081	1,989
Total tax charge for the period	<u>12,618</u>	<u>10,467</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

Notes to Interim Financial Statements

30 June 2013

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 presented for the periods ended 30 June 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

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

	Unaudited	
	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Earnings</u>		
Profit for the period attributable to ordinary equity holders of the Company	<u>228,206</u>	<u>252,696</u>
	Number of shares	
	2013	2012
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<u>799,557,415</u>	<u>799,557,415</u>

Notes to Interim Financial Statements

30 June 2013

7 Dividends

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2013 (2012: Nil).

8 Property, Plant and Equipment

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Net carrying amount at 1 January	1,311	1,438
Additions	23	215
Write-off	—	(177)
Depreciation provided during the period/year	(189)	(342)
Write-back of depreciation	—	177
	<u>1,145</u>	<u>1,311</u>
Net carrying amount at 30 June/31 December	<u>1,145</u>	<u>1,311</u>

9 Investment Properties

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Carrying amount at 1 January	3,532,800	3,334,800
Additions	1,566	1,881
Fair value adjustment	77,134	196,119
	<u>3,611,500</u>	<u>3,532,800</u>
Carrying amount at 30 June/31 December	<u>3,611,500</u>	<u>3,532,800</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 2013 and 31 December 2012, respectively.

Notes to Interim Financial Statements

30 June 2013

10 Investment in an Associate

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Share of net assets	1,441,385	1,407,470
Goodwill on acquisition	<u>253,173</u>	<u>253,173</u>
	<u><u>1,694,558</u></u>	<u><u>1,660,643</u></u>
Market value of listed equity securities	<u><u>978,103</u></u>	<u><u>1,001,391</u></u>

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation and operations	Percentage of ownership interest attributable to the Group	
			30 June 2013	31 December 2012
The Cross-Harbour (Holdings) Limited	Ordinary shares of HK\$1 each	Hong Kong	41.66%	41.66%

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

Notes to Interim Financial Statements

30 June 2013

10 Investment in an Associate *(continued)*

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

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Operating results for the period:		
Turnover	121,490	122,088
Other net loss	(32,019)	(7,924)
Total expenses	(91,989)	(91,711)
Share of profits of associates (net)	203,405	180,764
Share of profits of a joint venture	10,599	9,356
Income tax	(6,272)	(6,124)
Profit for the period	<u>205,214</u>	<u>206,449</u>
Profit attributable to shareholders of Cross-Harbour	<u>192,303</u>	<u>194,793</u>
	30 June	31 December
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Financial positions at 30 June/31 December:		
Non-current assets		
Interest in associates	2,217,401	2,282,586
Other non-current assets	652,713	726,497
	<u>2,870,114</u>	<u>3,009,083</u>
Current assets		
Bank deposits and cash	972,897	707,067
Other current assets	194,478	189,800
	<u>1,167,375</u>	<u>896,867</u>
Current liabilities	(233,439)	(199,480)
Non-current liabilities	(201,070)	(184,507)
Non-controlling interests	(100,082)	(100,287)
Net asset value	<u>3,502,898</u>	<u>3,421,676</u>

Notes to Interim Financial Statements

30 June 2013

11 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 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
0 - 30 days	336	1,085
31 - 60 days	—	224
Over 60 days	—	308
	<u>336</u>	<u>1,617</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 number of diversified customers, there is no significant concentration of credit risk.

12 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 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
0 - 30 days	<u>1,200</u>	<u>1,921</u>

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

Notes to Interim Financial Statements

30 June 2013

13 Bank Loans, Secured

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Bank loans are repayable as follows:		
Within one year or on demand	43,000	43,000
In the second year	20,000	31,500
In the third to fifth years, inclusive	60,000	60,000
Beyond five years	31,600	41,600
	<u>154,600</u>	<u>176,100</u>
Amounts classified under current liabilities	<u>(43,000)</u>	<u>(43,000)</u>
Amounts classified under non-current liabilities	<u>111,600</u>	<u>133,100</u>

The bank loans are variable interest rate loans with interest rates based on the HIBOR plus a predetermined spread percentage. The effective interest rates for the period ended 30 June 2013 and the year ended 31 December 2012 were 1.32% per annum and 1.42% per annum, 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\$3,590,000,000 (31 December 2012: HK\$3,512,000,000) 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

30 June 2013

14 Share Capital

Shares

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <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 2012: 799,557,415) ordinary shares of HK\$0.1 each	<u>79,956</u>	<u>79,956</u>

15 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 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Within one year	186,642	186,688
In the second to fifth years, inclusive	<u>223,130</u>	<u>267,744</u>
	<u>409,772</u>	<u>454,432</u>

Notes to Interim Financial Statements

30 June 2013

15 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 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Within one year	2,413	810
In the second to fifth years, inclusive	5,112	—
	<u>7,525</u>	<u>810</u>

16 Commitments

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

	30 June 2013 <i>HK\$'000</i> (Unaudited)	31 December 2012 <i>HK\$'000</i> (Audited)
Contracted, but not provided for	87	1,736
Authorised, but not contracted for	6,623	6,573
	<u>6,710</u>	<u>8,309</u>

Notes to Interim Financial Statements

30 June 2013

17 Contingent Liabilities

The Company has executed guarantees totalling HK\$905,176,000 (31 December 2012: HK\$926,676,000) with respect to banking facilities made available to its subsidiaries, out of which HK\$154,600,000 were utilised as at 30 June 2013 (31 December 2012: HK\$176,100,000).

18 Related Party Transactions

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

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Administrative staff costs paid to a shareholder (<i>Note</i>)	<u>861</u>	<u>806</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	
	2013	2012
	HK\$'000	HK\$'000
Short term employee benefits	2,488	2,331
Post-employment benefits	<u>124</u>	<u>117</u>
Total compensation paid to key management personnel	<u>2,612</u>	<u>2,448</u>

Notes to Interim Financial Statements

30 June 2013

19 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 2013		
(Unaudited)		
Available-for-sale investments:		
Other investments	<u>1,790</u>	<u>1,790</u>
At 31 December 2012		
(Audited)		
Available-for-sale investments:		
Other investments	<u>1,790</u>	<u>1,790</u>

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

20 Approval of the Interim Financial Statements

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 26 August 2013.