The Company has changed its name from Prestige Properties Holdings Limited with Chinese name adopted as 彩星地產集團有限公司 to "Y. T. Realty Group Limited" and adopted the Chinese name of "渝太地產集團有限公司" for identification purposes with effect from 29 May 2002.

The Directors are pleased to present the Group's interim report and condensed accounts for the six months ended 30 June 2002. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30 June 2002, and the consolidated balance sheet of the Group as at 30 June 2002, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 8 to 24 of this report.

BUSINESS REVIEW AND PROSPECTS

The Group's consolidated profit after taxation for the first six months of 2002 was HK$28.0 million which is 29.3% lower than the corresponding period in 2001. Earnings per share for the first six-month period of 2002 amounted to HK3.5 cents (2001: HK5.0 cents).

Gross rental income from investment properties for the half-year ended 30 June 2002 amounted to HK$58.2 million, down 7.5% from the HK$62.9 million for the corresponding period last year. This was primarily due to weak performance in the real estate market, commercial leasing in particular.

During the first half of 2002, the market sentiment for both office and retail leasing was rather depressed with only a handful of major transactions recorded. Constant news pertaining to pay-cuts and layoffs, closure of a number of large and established restaurants, multi-national corporations down-sizing their operations, all time high unemployment and deflation rates, etc. had by varying degrees, reflected a somewhat stagnant market in first half of 2002. As a property company which is mainly reliant on rental income, the Group was unable to be immune completely from such unfavourable market conditions. Fortunately the hit to our bottom line was not considered to be severe. The achievement of such a relatively stable result could not have been made without the concerted effort by the management team in maintaining a higher percentage of occupancy rate for our commercial properties whilst at the same time exercising cautious control of expenditure.

The Group's share of profit from an associated company, The Cross-Harbour (Holdings) Limited ("CHH"), for the period was HK$12.7 million (2001:HK$9.4 million). CHH is engaged in investment and management of tunnels, motoring schools, and highway and tunnel toll system, and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On 11 June 2002, the Group invested HK$117 million to purchase the interest-bearing convertible note (the "Note") issued by CHH. The Note will mature and the principal will be repayable to the Group, if not previously converted, on the third anniversary of the date of issue. The Note bears interest at 3.5% per annum and interest is payable annually in arrears. The Note entitles the Group to convert the whole or part of the principal amount (in amounts of not less than HK$1,000,000) of the Note into ordinary shares of CHH within the maturity date, at HK$3.5 per share in the first year, HK$3.7 per share in the second year, and HK$3.9 per share in the third year.

Stepping into the second half of 2002, we anticipate that the economy of Hong Kong will continue to be clouded by various negative factors, such as deflation and unemployment etc. As such, it is not expected that there will be a quick rebound of the real estate market in the remainder of 2002, particularly in the office and retail sectors. However, despite all these unfavourable elements in the market, Hong Kong should still be able to be cushioned by robust economic growth in the Mainland. Tourism-related industries such as hotels and travel agencies are expected to record healthy growth in business in the coming months. Full recovery however is really dependent on the United States' economic trend in the forthcoming years. As the Group's major properties are located in the prime area which traditionally will rebound more quickly in a recovering market, we shall continue to take a proactive approach in upgrading the building and improving the services to tenants so as to encourage more tenancy renewals and new sign-ups.

In the Mainland, based on the current market condition in Shenzhen, we are optimistic that the remaining property interests at Shun Hing Square will be sold in the coming months.