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

2011 annual report

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CORPORATE INFORMATION

(as of 28 March 2012)

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.

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Bermuda

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EXTERNAL AUDITORS

Ernst & Young

PRINCIPAL BANKER

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The Bank of East Asia, Limited

LEGAL ADVISER

Bermuda:
Conyers Dill & Pearman

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

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SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 75

CHAIRMAN'S STATEMENT

On behalf of the board of directors, I am pleased to report the following results and operations of the Group for the year ended 31 December 2011.

RESULTS

The audited consolidated net profit attributable to shareholders after tax for the year was HK$430.8 million and the earnings per share amounted to HK53.9 cents, as compared to net profit of HK$606.8 million (as restated) and the earnings per share of HK75.9 cents (as restated) for the year ended 31 December 2010. The net profit attributable to shareholders after tax for 2011 represents a 29.0% decrease from 2010.

DIVIDENDS

The directors recommend the payment of a final dividend of HK3.0 cents per share for the year ended 31 December 2011, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. No interim dividend was paid during the year. In respect of the preceding year, a final dividend of HK3.0 cents per share was paid and no interim dividend was declared.

NET ASSET VALUE

The consolidated net asset value per share of the Group as at 31 December 2011 was HK$5.65 based on the 799,557,415 shares in issue, an increase of approximately 8.6%, as compared to HK$5.20 (as restated) per share based on 799,557,415 shares in issue as at 31 December 2010.

BUSINESS REVIEW

The Group's net profit attributable to shareholders for the year was HK$430.8 million as compared to the net profit of HK$606.8 million (as restated) in 2010, representing a 29.0% decrease from 2010. Revenue for the year increased by 10.5% to HK$160.5 million as compared to HK$145.3 million reported in 2010. The increase in overall revenue was primarily due to increase in rental income.

Revaluation of the Group's portfolio of properties resulted in a surplus of HK$301.1 million (2010: HK$367.7 million). The revaluation surplus 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 year was HK$101.7 million (2010: HK$157.6 million), a decrease of 35.5% from last year. 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.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW *(continued)*

Property Business

The Group's major investment properties include:

Century Square
Prestige Tower

Gross rental income for the year amounted to HK$149.9 million which represents an increase of about 9.9% when compared with last year's rental income of HK$136.4 million. The increase in rental income in 2011 was due to the increase in rental rates of the Group's investment properties.

During the last financial year, the European debt crisis which has been pervading the world economy for the past years continued to beset the global market despite persistent concerted efforts by many world leaders. Much expected expansionary quantitative monetary easing policies did not materialise in 2011 though initial attempts did effectively stabilise the financial market and boosted the asset and commodity value but failed to stimulate a sustainable growth of real economy. Market confidence and investment sentiment in many business communities remained weak, banking sector in particular.

In Mainland China, there was no apparent relaxation of austerity measures which were introduced in 2010 to cool off overheated property speculation but these administrative attempts resulted in wide spread of liquidity problem which inevitably affected many businesses.

In Hong Kong, it is pleased to note that our local economy during the last financial year remained resilient and had been able to maintain a strong growth. Record arrival of tourists and escalating value of Renminbi continued to be the major factors in boosting the consumer spending which benefited a wide spectrum of businesses, of which the Group was amongst those to benefit as our core investment is in rental properties which predominantly are of commercial and retail nature. Rental rate across the Group's property portfolio continued to climb upward in 2011 whilst occupancy rate stayed pleasingly at high level of 97.0%. For Prestige Tower at Tsimshatsui, the entire building has over the years been transformed into an up-market fashion hub. In 2011, we successfully attracted another three experienced fashion operators to the building to strengthen our market niche. Whereas for Century Square in Central, our effort in building up a luxurious watch hub for the retail podium reached another milestone after the moving-in of three more luxurious brands Bell & Ross, Chronoswiss and VIP Station during the course of last year. On the other hand, the leasing and marketing divisions of the Group spared no effort in branding the rest of the building into a premium beauty centre. Currently, we have successfully attracted over twenty different quality tenants providing spa, beauty, wellness and services of similar sort to a large different categories of clients.

FINANCING AND LIQUIDITY

Financial expenses for the year ended 31 December 2011 amounted to HK$5.8 million (2010: HK$7.2 million), decreased by 20.0% as compared with last year. As at the end of 2011, the bank loan balance was HK$249.1 million (2010: HK$372.1 million).

The bank loans are secured by mortgages on certain investment properties with an aggregate carrying value of HK$3,315.6 million (2010: HK$3,015.0 million) and the assignment of rental income from these properties.

The following is the maturing profile of the Group's bank borrowings as of 31 December 2011:

Within one year	29.3%
In the second year	17.3%
In the third to fifth years, inclusive	28.7%
After the fifth years	24.7%
	100.0%

The gearing ratio at the end of 2011, which is calculated as the ratio of the net bank borrowings to shareholders' funds, was 3.9% (2010: 7.0% (as restated)). Revolving loans with outstanding balance of HK$30.0 million will be renewable within the next financial year. The sum of term loan instalment payments repayable within one year is HK$43.0 million which will be serviced mainly by the Group's rental income.

At the end of 2011, the Group's cash and cash equivalents was HK$71.7 million. With its cash, available banking facilities and recurring rental income, the Group has sufficient resources to meet foreseeable funding needs for its working capital and capital expenditure.

Since 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.

PROSPECTS

We are cautiously optimistic about the economic development of Hong Kong in the coming year. On a macro view, the global economy will gradually move towards clearing some uncertainties and the European debt crisis will somehow find its longer term solution in the near term with the concerted efforts by leaders in the Eurozone. It is therefore anticipated that with the gradual removal of major economic uncertainties, our economy will continue to record growth albeit at a slower pace, as already reflected in the recent decline in exports. The situation nonetheless will soon be improved as there are clear signs of economic recovery in our major trading partners' markets, such as the United States of America where improvement in gross domestic products and unemployment has been witnessed. Liquidity of global capital will remain sufficient as central banks of major economies will make all efforts to prevent potential economic downturn. In China, it is hopeful that some easing off measures by the Mainland Authority to stabilise the market will be promulgated during the course of the coming months.

PROSPECTS *(continued)*

In Hong Kong, unemployment rate will stay at low level due to the commencement of large-scale infrastructure projects, such as Hong Kong-Zhuhai-Macao Bridge, Express Rail Link and South Island Line, etc. Low interest rate environment will unlikely to be drastically altered in the coming years hence providing a strong stabling factor for the property market, of which the retail sector is expected to be the outperformer due to large amount of tourists, Mainlanders in particular, will continue to be attracted to Hong Kong. Cross boarder co-operation between the Mainland and Hong Kong in the area of trade, finance, professional services and tourism will further be strengthened and business opportunity will be vast for both places.

The Group has now reached a very favourable financial position as our gearing ratio dropped to a very low level. As such, we will grasp this advantageous opportunity to actively explore investment options in our usual cautious and prudent manner. The underlining objective of our business endeavours is to ensure sustainable business growth and delivery of satisfactory financial results to our shareholders.

STAFF

As at 31 December 2011, the Group employed 47 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 and depending upon the financial performance of the Group.

APPRECIATION

I would like to take this opportunity to thank our shareholders and business partners for their continuing support, and the Group's dedicated management and staff for their valuable contributions during the past year.

Cheung Chung Kiu
Chairman

Hong Kong, 28 March 2012

EXECUTIVE DIRECTOR

Cheung Chung Kiu, aged 47, was appointed Chairman of the Company on 28 September 2000 and also holds directorships in certain other members of the Group. Mr. Cheung was born and educated in Chongqing. He set up Chongqing Industrial Limited ("Chongqing Industrial", a company engaged mainly in the trading business in the PRC) in 1985. He is the founder and chairman of Yugang International Limited ("Yugang International"), chairman of The Cross-Harbour (Holdings) Limited ("Cross-Harbour") and C C Land Holdings Limited ("C C Land"), all being listed public companies in Hong Kong. He is a director of Palin Holdings Limited, Chongqing Industrial, Yugang International (B.V.I.) Limited ("Yugang BVI") and Funrise Limited ("Funrise") which, together with Yugang International, are companies disclosed in the section headed "Interests and Short Positions of Shareholders" on page 27.

Wong Chi Keung, aged 56, was appointed Managing Director of the Company on 10 January 2000 and also holds directorships in certain other members of the Group. Mr. Wong holds a doctoral degree in business and is a member of the Hong Kong Institute of Housing, the Chartered Institute of Housing and the Guangxi Committee of the Chinese People's Political Consultative Conference, Nanning City. He is a fellow of the Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors, an honorary fellow of Guangxi Academy of Social Sciences and a vice chairman of the Officers' Club of Hong Kong Auxiliary Medical Service. He has held various senior executive positions with some of Hong Kong's leading property companies and property consultant firms for the past 30 years, and has taken an active role in public and voluntary services. He is an executive director of Cross-Harbour and an independent non-executive director of Water Oasis Group Limited, both being listed public companies in Hong Kong.

Yuen Wing Shing, aged 65, was appointed Executive Director of the Company on 28 September 2000 and also holds directorships in certain other members of the Group. Mr. Yuen holds a diploma in management studies from The Hong Kong Polytechnic University. Prior to joining the Company, he had held senior management positions with a major bank in Hong Kong for over 20 years. He is the managing director of Yugang International and an executive director of Cross-Harbour. He is a director of Yugang BVI and Funrise.

Tung Wai Lan, Iris, aged 46, was appointed Executive Director of the Company on 28 September 2000 and also holds directorships in certain other members of the Group. Ms. Tung holds a master of philosophy degree from The Chinese University of Hong Kong. She is an executive director of Cross-Harbour.

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTOR

Lee Ka Sze, Carmelo, aged 51, was appointed Independent Non-executive Director of the Company on 28 September 2000 and re-designated Non-executive Director of the Company on 30 September 2004. Mr. Lee received his bachelor of laws degree and postgraduate certificate in laws from The University of Hong Kong. He qualified as a solicitor in Hong Kong, England and Wales, Singapore and the Australian Capital Territory. Mr. Lee is a deputy chairman of the Listing Committee of The Stock Exchange of Hong Kong Limited, a chairman of the HKSAR Transport Tribunal, and a member of the SFC Dual Filing Advisory Group of Securities and Futures Commission and the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants. He is an independent non-executive director of KWG Property Holding Limited and Ping An Insurance (Group) Company of China, Ltd., and a non-executive director of China Pharmaceutical Group Limited, Hopewell Holdings Limited, Safety Godown Company, Limited, Termbray Industries International (Holdings) Limited, Yugang International and Cross-Harbour, all being listed public companies in Hong Kong. He is a partner of Woo, Kwan, Lee & Lo, legal advisers to Yugang International, Cross-Harbour and the Company.

Wong Yat Fai, aged 52, was appointed Independent Non-executive Director of the Company on 30 September 2004 and re-designated Non-executive Director of the Company on 1 October 2007. Mr. Wong holds a professional diploma in banking from The Hong Kong Polytechnic University. He has over 13 years of experience working with an international banking group. He is an executive director of ICube Technology Holdings Limited and a non-executive director of Yugang International, Cross-Harbour and C C Land, all being listed public companies in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ng Kwok Fu, aged 40, was appointed Independent Non-executive Director of the Company on 30 September 2004. Mr. Ng holds a certificate in accounting from Grant MacEwan Community College of Canada. He has over 20 years of experience in the marketing, trading, purchasing and developing of construction materials as well as in technical control, support and management in building projects. He is an independent non-executive director of Yugang International and Cross-Harbour.

Luk Yu King, **James**, aged 57, was appointed Independent Non-executive Director of the Company on 10 September 2007. Mr. Luk graduated from The University of Hong Kong with a bachelor of science degree. He is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and an ordinary member of the Hong Kong Securities Institute. He has over 10 years of experience in corporate finance and in securities & commodities trading business working with international and local financial institutions. He is an independent non-executive director of Yugang International and Cross-Harbour.

Leung Yu Ming, **Steven**, aged 52, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung received his bachelor of social science degree from The Chinese University of Hong Kong and master degree in accountancy from Charles Sturt University of Australia. He is an associate of The Institute of Chartered Accountants in England and Wales, and a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong. He is also a certified practising accountant in Australia and a practising certified public accountant in Hong Kong. Mr. Leung commenced public practice in auditing and taxation in 1990 and is currently a senior partner in a CPA firm. He has over 26 years of experience in assurance, financial management and corporate finance; and he worked previously in the International Finance and Corporate Finance Department of Nomura International (Hong Kong) Limited, where he was assistant vice president. He is an independent non-executive director of Suga International Holdings Limited, Yugang International, Cross-Harbour and C C Land, all being listed public companies in Hong Kong.

Hong Kong, 28 March 2012

CORPORATE GOVERNANCE REPORT

SHAREHOLDER VALUE

The Company is committed to upholding the principle of good corporate governance. These principles highlight an effective board, a sound internal control system as well as transparency and accountability. The board considers such commitment essential in balancing the interests of various stakeholders and the Company and its subsidiaries (the "Group") as a whole. The Company sees to it that the corporate governance agenda is focused on improving performance and not just bogged down in conformity and compliance.

CORPORATE GOVERNANCE

This report sets out the Company's application in the year to 31 December 2011 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"). In the opinion of the board, the Company has complied with the principles and the relevant code provisions of the CG Code in all respects throughout the year.

DIRECTORS' DEALINGS

The Company has adopted a code (the "Securities Code") for directors' securities dealings (of which the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix 10 to the Listing Rules as amended from time to time (the "Model Code") forms part) at least as exacting as the Model Code. Each director is given a copy of the Securities Code on appointment, or a copy of the revised Securities Code immediately after its adoption, and thereafter notification and reminders of the period during which directors are not allowed to deal under the Securities Code.

The Company has also adopted a code for relevant employees (within the meaning of the CG Code) regarding securities transactions no less exacting than the Model Code. Each relevant employee is also given notification and reminders of each period during which relevant employees are not allowed to deal under the code.

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 Securities Code throughout the year.

THE BOARD

Corporate governance of the Company is achieved through its board which assumes responsibility for leadership and control of the Company. Directors being pillars of corporate governance act at all times honestly and exercise care, diligence and skill in the discharge of their duties. The Board is collectively responsible for promoting the success of the Company, and seeks to balance broader stakeholder interests and those of the Group.

Board balance

The board, which is chaired by Mr. Cheung Chung Kiu, comprises nine members, as shown in the corporate information section on page 1. All members served on the board throughout 2011 and up to the date of this report. Brief biographical details of the directors appear in the board of directors section on pages 6 to 8.

The board considers its composition appropriate to the needs of the Company. The non-executive directors are considered to be of sufficient calibre and experience to bring significant influence to bear on the decision-making process. In the view of the board, no independent non-executive director currently in office has any relationships that could materially interfere with his independent judgment. It is therefore the board's view that all independent non-executive directors are independent.

Board meetings are held four times a year and additionally as needed to discharge the board duties effectively. Regular scheduled meetings are also held by the board committees to discharge their duties effectively. Independent non-executive directors and other non-executive directors, as equal board members, give the board and the committees on which they serve, if any, the benefit of their skills, expertise and diverse backgrounds and qualifications through regular meeting attendance and active participation. They also attend general meetings and develop a balanced understanding of the views of shareholders.

CORPORATE GOVERNANCE REPORT

THE BOARD *(continued)*

Board meetings and attendance

Apart from the annual general meeting, the board met four times during 2011 at approximately quarterly intervals. All board meetings held during 2011 were attended by all directors with the exception of the March meeting, which Mr. Lee Ka Sze, Carmelo was unable to attend.

	No. of meetings attended / held
Executive Director	
Cheung Chung Kiu *(Chairman)*	4/4
Wong Chi Keung *(Managing Director)*	4/4
Yuen Wing Shing	4/4
Tung Wai Lan, Iris	4/4
Non-executive Director	
Lee Ka Sze, Carmelo[1]	3/4
Wong Yat Fai[2]	4/4
Independent Non-executive Director	
Ng Kwok Fu[1]	4/4
Luk Yu King, James[3]	4/4
Leung Yu Ming, Steven[3]	4/4

Notes:

1. The term of office for Mr. Lee Ka Sze, Carmelo and Mr. Ng Kwok Fu is approximately three years, commencing 15 May 2009 and ending at the close of the annual general meeting in 2012.

2. The term of office for Mr. Wong Yat Fai is approximately three years, commencing 24 May 2010 and ending at the close of the annual general meeting in 2013.

3. The term of office for Mr. Luk Yu King, James and Mr. Leung Yu Ming, Steven is approximately three years, commencing 17 May 2011 and ending at the close of the annual general meeting in 2014.

4. Notwithstanding any contractual or other terms of appointment or engagement, non-executive directors are subject to retirement by rotation and re-election in accordance with the Company's bye-laws and all applicable laws.

THE BOARD *(continued)*

The appointment of management

The board, led by the chairman, is accountable to shareholders for the overall management and performance of the Group. This requires continuing attention, the board therefore appoints management, which are made up of executive committee members, with additional members from the second line of management. The managing director in turn delegates aspects of the management and administration functions to senior executives who report directly to him on a regular basis.

Delegations to management and reserving matters for the board

The board sets the business strategy of the Group and monitors its development. It delegates other matters to management while reserving certain decisions and actions for itself and performing them effectively. There is a written statement of matters reserved for the board and those delegated to management. These arrangements are reviewed on an annual basis to ensure that they remain appropriate to the needs of the Company.

This statement recognises nine broad categories into which reserving matters for the board may fall, namely (1) board and senior management; (2) relations with the members and stakeholders; (3) financial matters; (4) business strategy; (5) capital expenditures; (6) lease or purchase of buildings; (7) major transactions not included in the budget; (8) actions or transactions involving legality or propriety; and (9) internal control and reporting systems.

The board sees to it that management are managing properly and do not exceed their remit. The statement gives clear directions as to the powers of management. These include executing the business strategies and initiatives adopted by the board, approving investments and divestments as well as managing the Group's assets and liabilities in accordance with the policies and directives of the board. The management carry out such specific duties as to prepare interim and annual accounts, and to implement and monitor the systems of financial controls, internal control and risk management. The management meet regularly to review, inter alia, the operating and financial performance of the Group against agreed budgets and targets.

Supply of and access to information

The board and each director have separate and independent access to executives at all times. Management ensure that the board and its committees receive adequate information, board papers and related materials in a timely manner to enable them to make informed decisions. Such access rights extend to the secretary of the Company who regularly updates the board on governance and regulatory matters. Any director or board committee member can, if necessary, seek independent professional advice through the chairman at the Company's expense provided that such approval may not be unreasonably withheld or delayed.

THE BOARD *(continued)*

Directors' training

New directors, together with existing board members, are provided with the opportunity to visit the operating divisions and meet up with management to gain a proper understanding of the Group's business and operations. Each newly appointed director is given a package of materials comprising the latest quarterly management report, annual report and interim report of the Company, as well as guidelines on directors' duties and corporate governance. In addition, the mini-library maintained by the company secretarial department, open to directors during office hours, is well stocked with corporate publications and all rules, codes, ordinances and acts applicable to the Group. Directors are welcome to borrow those materials and make copies of them.

Insurance cover

The Company has in place appropriate insurance cover in respect of any legal action against its directors and officers. The extent of insurance cover is reviewed on an annual basis.

CHAIRMAN AND MANAGING DIRECTOR

The positions of chairman and managing director are held by separate individuals with the defined roles of managing the board and managing the affairs of the Company respectively. The board considers that vesting the roles in different individuals is essential in ensuring a balance of power and authority and in upholding independence, accountability and responsibility with respect to the management of the Company. The division of responsibilities between the chairman and managing director has been clearly established and set out in writing.

The chairman provides leadership for the board, ensuring its effectiveness in all aspects of its role. The managing director, supported by the management team, provides planning and implementation.

The chairman ensures that all directors are properly briefed on issues arising at board meetings and that all key and appropriate issues are discussed by the board in a timely manner. Board meetings for each year are scheduled in advance to give all directors an opportunity to attend, and are structured to encourage open discussion. All board members are encouraged to update their knowledge of and familiarity with the Group through active participation at board meetings.

The chairman settles the agenda for each individual board meeting, taking into account any additional items proposed by the managing director and arising from current operating issues, as well as such other matters as may be raised by the other directors with him, who can include them on the agenda. The agenda and accompanying board papers are sent in full to all directors where possible at least three days before the time appointed for the meeting.

CHAIRMAN AND MANAGING DIRECTOR *(continued)*

It is also the chairman's responsibility to control board meetings, to lead discussions to clear conclusions, and to satisfy himself that the secretary of the meeting has understood each conclusion reached. The secretary and financial controller of the Company attend board meetings to advise on corporate governance practices and accounting and financial matters, where appropriate.

Minutes of board meetings and meetings of board committees are kept by a duly appointed secretary of the meeting and open for inspection by any director. Draft and final versions of minutes of board meetings are sent to all directors for their comments and records respectively.

ACCOUNTABILITY AND AUDIT

Financial reporting

The directors are responsible for preparing the accounts. The board seeks to give a balanced and clear assessment of the Group's position and prospects in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules. Such responsibility extends to reports to regulators and information disclosed under statutory requirements.

The directors are also responsible for the integrity of financial information and for ensuring its timely disclosure. Arrangements are made which will allow them to be satisfied that the accounts are true and fair, which accurately disclose the financial position of the Company, and which comply with statutory requirements and applicable accounting standards.

Internal controls

The board ensures the adequacy of the accounting systems and appropriateness in respect of the human resources for the financial reporting function. It is also the responsibility of the board to see to it that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The board has delegated authority for reviewing the Group's internal controls to its audit committee. The audit committee receives a system review report annually from the management with regard to the operational aspects of internal controls over the areas of key risk identified. The chairman of the committee reports on the review of internal controls and any matters arising to the board at the following board meeting. Using the above process, the duty to review the internal control system is properly discharged.

ACCOUNTABILITY AND AUDIT *(continued)*

Internal controls *(continued)*

In line with the requirements of the CG Code, the board scheduled an annual meeting in December 2011 to conduct a review of the effectiveness of the Group's internal controls and an additional meeting in March 2012 for an update. Each such review covered all material controls, including financial, operational and compliance controls and risk management functions; and gave due consideration to the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function. Nothing improper was noted on both occasions.

The Company has clearly established written policies and procedures regarding internal controls applicable to operational units. When devising and reviewing such policies and procedures, it is recognised that the Company's system of internal controls is designed to assist the directors in obtaining reasonable assurance that problems are identified on a timely basis and dealt with appropriately. It is further recognised that the purpose of internal controls is to help manage and control, rather than eliminate, risks and that all internal control systems can only provide reasonable, and not absolute, assurance against misstatement or loss.

The Company has also a process for identifying, evaluating, and managing significant risks to the achievement of its operational objectives. This process is subject to continuous improvement and was in place throughout 2011 and up to the date of this report. In formulating the risk management strategy, the board ensures that the risks facing the Company have been assessed, and that the policies for handling them are up to date and are being complied with. No significant control failings or weaknesses were reported during the year and up to the date of this report.

BOARD COMMITTEES

The board is supported in its decisions by the three principal committees described below. Matters which the board considers suitable for delegation are contained in the terms of reference of the committees made available on request and on the Company's website with one exception. The exception is in respect of the executive committee, whose terms of reference are available on request only. The committee terms of reference may be amended from time to time as required, subject to approval by the board.

THE EXECUTIVE COMMITTEE

In directing and supervising the Company's affairs, the board is supported by an executive committee whose membership is exclusive to executive directors. There are currently four members in office, all of whom served on the committee throughout 2011 and up to the date of this report.

The executive committee is vested with the powers of the directors by the Company's bye-laws or otherwise expressly conferred upon them, as defined by its terms of reference.

THE REMUNERATION COMMITTEE

The remuneration committee, which is chaired by Mr. Cheung Chung Kiu, comprises three members, as shown in the corporate information section on page 1. All members served on the committee throughout 2011 and up to the date of this report.

This committee supports the board in formulating and recommending remuneration policy and structure applicable to directors and senior management, in determining the specific remuneration packages of all executive directors and senior management as well as in making recommendations to the board on the remuneration of non-executive directors.

The remuneration committee met once during 2011 with perfect attendance. No member took part in any discussion or decision concerning his own remuneration at the meeting.

	No. of meetings attended / held
Cheung Chung Kiu *(Chairman)*	1/1
Ng Kwok Fu	1/1
Leung Yu Ming, Steven	1/1

The Group's remuneration approach seeks to attract, motivate and retain the executive talent that is essential for the implementation of its business strategy towards sustained and long-term returns for shareholders.

The remuneration package for executives comprises both fixed and variable elements, including salaries, discretionary bonuses (without capping), pension contributions and other incentive arrangements such as share options.

The emoluments received by every executive director and senior executive are determined with reference to corporate and individual performance, remuneration benchmarks in the industry and the prevailing market conditions, subject to annual assessment.

The remuneration committee recommends non-executive director fees annually, based on market information, time commitment required and the level of responsibility undertaken. These recommendations are then put to a meeting of the board for approval.

The remuneration committee is confident that the remuneration policy, which was applied in the year under review and is expected to be applied in future years and beyond, meets the corporate goals and objectives. At the annual meeting of the committee as noted above, members approved individual remuneration packages of the executive directors. In the opinion of the committee, the executive remuneration levels for 2011 were in line with the market.

Details of the directors' remuneration for 2011 are set out in note 8 to the financial statements.

THE AUDIT COMMITTEE

The audit committee, which is chaired by Mr. Luk Yu King, James, comprises four members, as shown in the corporate information section on page 1. All members served on the committee throughout 2011 and up to the date of this report.

This committee supports the board in considering the external auditors' appointment and in the review of the Company's financial information. The committee has also an oversight role over the Company's financial reporting system and internal control procedures, and seeks to ensure that arrangements are in place for the staff to whistle-blow on financial reporting or other matters in so far as they may affect the Company.

Meetings of the audit committee are held at least twice a year, and are attended by the external auditors. The committee met three times during 2011 with perfect attendance.

	No. of meetings attended / held
Luk Yu King, James *(Chairman)*	3/3
Lee Ka Sze, Carmelo	3/3
Ng Kwok Fu	3/3
Leung Yu Ming, Steven	3/3

During the year, the audit committee reviewed the interim and annual reports and accounts, paying attention to any changes in accounting policies and practices, major judgmental areas and significant adjustments resulting from audit, as well as the financial controls, internal control and risk management systems. The work and findings of the committee were reported to the board.

At the December meeting, the audit committee reviewed the systems of accounting and internal financial control and risk management with reference to the 2011 system review report prepared by the management. Management concluded that an adequate internal control system had been established and maintained to achieve the objectives of the Group so as to ensure the effectiveness and efficiency of operations, to safeguard assets against unauthorised use and disposition, to ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, to allow proactive management of the risks identified, as well as to ensure compliance with relevant legislation and regulations. There revealed no significant areas of improvement which were required to be brought to the committee's attention. The committee acknowledged the findings and concurred with the conclusion reached.

At the meeting last held in March 2012, which was attended by Ernst & Young and senior management, the audit committee considered the scope and effectiveness of Ernst & Young as well as significant matters arising from the 2011 audit. The committee also considered matters relating to Ernst & Young's engagement as the Company's external auditors and to internal control.

THE AUDIT COMMITTEE *(continued)*

The audit committee was satisfied that Ernst & Young had demonstrated the independence and objectivity that were required of them as external auditors and that the audit process had been effective. Ernst & Young also provided non-audit services to the Company during the year. These services related mainly to tax compliance and financial review and did not, in the opinion of the committee, compromise the independence of Ernst & Young's audit team.

Management confirmed that there had been neither changes in the nature and extent of significant risks nor in the Company's activities, business or operating units and internal control procedures since last review. All systems of internal controls were operated and maintained effectively and there was no major issue regarding such procedures.

At the conclusion of the meeting, the chairman confirmed the adequacy and effectiveness of the Group's internal control system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function. Recommendations were made on the re-appointment of Ernst & Young as the external auditors of the Company for 2012 and on the submission of the 2011 annual accounts for shareholder approval at the forthcoming annual general meeting.

AUDITORS' REMUNERATION

Ernst & Young were remunerated a total of HK$1.36 million for services rendered to the Group during the year, of which HK$1.01 million were audit fees, HK$0.25 million were fees for financial review and HK$0.10 million were fees for tax compliance services.

NOMINATION OF DIRECTORS

The Company has no nomination committee. The full board participates in the selection of individuals nominated for directorships. When assessing the suitability of a candidate, the board takes into consideration factors such as time commitment, professional knowledge, expertise and industry experience, integrity and skill as well as whether the candidate is able to demonstrate a competency standard commensurate with their position as a director of the Company. In the case of independent non-executive directors, the board ensures that the candidate for office must satisfy the independence criteria set out within rule 3.13 of the Listing Rules.

CONCLUSION

In the opinion of the board, the Company has maintained good corporate governance practices throughout the accounting period covered by the annual report. The board shall continue to review such practices.

On behalf of the board

Wong Chi Keung
Managing Director

Hong Kong, 28 March 2012

The directors submit their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

During the year, the Company continued to be an investment holding company. The principal activities of its subsidiaries continued to be property investment, property trading, the provision of property management and related services and investment holding. Details of those activities are set out in note 35 to the financial statements.

Over 50% of the Group's revenue for the year was derived from its property rental business in Hong Kong. An analysis of the Group's performance for the year by operating segments is set out in note 4 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 30.

The directors recommend the payment of a final dividend of HK3.0 cents per share (2010: HK3.0 cents per share) which makes a total distribution of approximately HK$24.0 million for the year ended 31 December 2011 (2010: HK$24.0 million).

Dividend warrants in respect of the proposed final dividend will be despatched on 31 May 2012 to shareholders registered on 29 May 2012 (subject to shareholder approval). The register of members and transfer books of the Company will be closed from 25 May 2012 to 29 May 2012, both days inclusive, in order to determine the proposed dividend entitlements.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

PRINCIPAL PROPERTIES

Particulars of the principal properties held by the Group are set out on page 92.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 35 to the financial statements.

ASSOCIATES

Particulars of the Group's investment in an associate are set out in note 17 to the financial statements.

SHARE CAPITAL

Movements in the share capital of the Company during the year are set out in note 25 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 33 and 34 and note 26 to the financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 December 2011, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to HK$1,907.0 million (2010: HK$1,930.9 million), of which HK$24.0 million (2010: HK$24.0 million) has been proposed as final dividend for the year. In addition, the Company's share premium account, in the amount of HK$95.7 million (2010: HK$95.7 million), may be distributed in the form of fully paid bonus shares.

BANK LOANS

The Group's bank loans, which comprise term loans and revolving credit facilities, are secured by certain properties held by the Group. An analysis of these borrowings is set out in note 23 to the financial statements. No interest was capitalised during the year.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 93. This summary does not form part of the audited financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and revenue for the year attributable to the Group's major suppliers and customers, respectively, are as follows:

	2011	2010
	%	%
Purchases		
– the largest supplier	**19**	13
– the five largest suppliers combined	**54**	47
Revenue		
– the largest customer	**13**	12
– the five largest customers combined	**37**	37

None of the directors; their associates; or any shareholders (which, to the knowledge of the directors, owns more than 5% of the Company's issued share capital) had an interest in the suppliers or customers noted above.

DIRECTORS

The directors serving for the year and up to the date of this report are listed on page 1.

Mr. Lee Ka Sze, Carmelo and Mr. Ng Kwok Fu cease to hold office at the close of the forthcoming annual general meeting according to their terms of office.

Mr. Lee Ka Sze, Carmelo and Mr. Ng Kwok Fu, together with Ms. Tung Wai Lan, Iris, also retire from office by rotation at the forthcoming annual general meeting in accordance with bye-law 87 of the bye-laws of the Company. All of them, being eligible, offer themselves for re-election.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each individual independent non-executive director an annual confirmation of his independence and still considers them to be independent.

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 rules governing the listing of securities (the "Listing Rules") made by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from time to time since its last annual report.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the directors' emoluments and those of the five highest paid individuals in the Group are set out in notes 8 and 9 to the financial statements respectively.

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 31 December 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[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	40,000	90,000	0.01%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

(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%

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 31 December 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 pursuant to the Code for Securities Transactions by Directors of the Company.

SHARE OPTION SCHEME

On 29 April 2005, the Company adopted a share option scheme (the "Scheme") in order to comply with the requirements of Chapter 17 of the Listing Rules then in force. Details of the Scheme are given in the Company's circular dated 13 April 2005 (the "Scheme Circular").

A summary of the Scheme is set out below.

1.	Purpose	:	To provide the Group with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to, the participants and to serve such other purposes as the board may approve from time to time
2.	Participants	:	Any director (or any person proposed to be appointed as such, whether executive or non-executive), officer and employee (whether full-time or part-time) of each member of the Eligible Group (as defined in the Scheme Circular); any business consultant, professional and other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer and employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the board
3.	Total number of shares available for issue (% of issued share capital as at 28 March 2012)	:	79,955,741 shares (10%)
4.	Maximum entitlement of each participant	:	1% of the total number of shares in issue in any 12-month period
5.	Period within which the shares must be taken up under an option	:	To be determined by the board at its absolute discretion, such period to expire not later than ten years from the date of grant of the option
6.	Minimum period for which an option must be held before exercise	:	Nil (except for the achievement of any performance target(s) which may be imposed by the board on the grantee before an option can be exercised)

SHARE OPTION SCHEME *(continued)*

7.	Amount payable on application or acceptance of the option	:	HK$1.00
8.	Basis of determining the exercise price	:	The exercise price shall be a price solely determined by the board, such price being no less than the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (c) the nominal value of a share
9.	Remaining life	:	Until 28 April 2015

No option lapsed and no option was granted, exercised or cancelled during the year; nor were there any outstanding options at the beginning and at the end of the year.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from the Scheme noted above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements whose objects are, or one of whose objects is, to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 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[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 31 December 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 23 and 24.

RETIREMENT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme which covers 100% of the Group's employees. Particulars of the retirement scheme are set out in note 2.4(u) to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company maintained throughout the year the prescribed amount of public float under the Listing Rules.

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 year.

PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions in the Companies Act 1981 of Bermuda or in the bye-laws of the Company.

EXTERNAL AUDITORS

The financial statements for the year have been audited by Ernst & Young, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the external auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the board

Cheung Chung Kiu
Chairman

Hong Kong, 28 March 2012

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安 永

To the shareholders of Y. T. Realty Group Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Y. T. Realty Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 30 to 91, which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
28 March 2012

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000* *(Restated)*
REVENUE	*5*	**160,472**	145,249
Direct outgoings		**(13,707)**	(7,768)
Cost of properties sold		**—**	(280)
		146,765	137,201
Other income	*5*	**2,644**	434
Other expenses	*7*	**(63,286)**	—
Administrative expenses		**(34,301)**	(32,513)
Finance costs	*6*	**(5,774)**	(7,217)
Changes in fair value of investment properties		**301,088**	367,659
Share of results of an associate		**101,693**	157,567
PROFIT BEFORE TAX	*7*	**448,829**	623,131
Income tax expense	*10*	**(18,005)**	(16,326)
PROFIT FOR THE YEAR		**430,824**	606,805
Attributable to:			
Equity holders of the Company	*11*	**430,824**	606,822
Non-controlling interests		**—**	(17)
		430,824	606,805
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share	*13*	**HK53.9 cents**	HK75.9 cents
Diluted earnings per share	*13*	**HK53.7 cents**	HK75.3 cents

Details of the dividends proposed for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Notes	2011 *HK$'000*	2010 *HK$'000* *(Restated)*
PROFIT FOR THE YEAR		430,824	606,805
OTHER COMPREHENSIVE (LOSS)/INCOME			
Changes in fair value of other investments	*19*	350	810
Share of other comprehensive (loss)/income of an associate		(47,555)	23,168
Realised reserves upon deemed dilution of investment in an associate		(122)	—
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(47,327)	23,978
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		383,497	630,783
Attributable to:			
Equity holders of the Company	*11*	383,497	630,800
Non-controlling interests		—	(17)
		383,497	630,783

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	31 December 2011 HK$'000	31 December 2010 HK$'000 (Restated)	1 January 2010 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	14	1,438	92	372
Investment properties	15	3,334,800	3,031,200	2,654,900
Investment in an associate	17	1,489,922	1,545,198	1,420,354
Other investments	19	1,900	1,603	793
Total non-current assets		4,828,060	4,578,093	4,076,419
CURRENT ASSETS				
Properties held for sale		—	—	275
Trade receivables	20	1,894	1,664	2,293
Other receivables, deposits and prepayments		13,380	10,512	8,641
Cash and cash equivalents	21	71,713	80,320	66,934
Total current assets		86,987	92,496	78,143
CURRENT LIABILITIES				
Trade payables	22	3,731	1,264	725
Other payables and accrued expenses		73,634	71,317	75,839
Bank loans, secured	23	73,000	153,000	286,700
Tax payable		1,847	2,844	3,306
Total current liabilities		152,212	228,425	366,570
NET CURRENT LIABILITIES		(65,225)	(135,929)	(288,427)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,762,835	4,442,164	3,787,992
NON-CURRENT LIABILITIES				
Bank loans, secured	23	176,100	219,100	180,000
Deferred tax liabilities	24	65,647	61,486	57,208
Total non-current liabilities		241,747	280,586	237,208
Net assets		4,521,088	4,161,578	3,550,784
EQUITY				
Equity attributable to equity holders of the Company				
Issued share capital	25	79,956	79,956	79,956
Reserves	26	4,417,145	4,057,635	3,451,129
Proposed final dividends	12	23,987	23,987	19,989
		4,521,088	4,161,578	3,551,074
Non-controlling interests		—	—	(290)
Total equity		4,521,088	4,161,578	3,550,784

Wong Chi Keung
Director

Yuen Wing Shing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Attributable to equity holders of the Company											
		Issued share capital	Share premium account	Capital redemption reserve	Capital reserve	Contributed surplus	Investment revaluation reserve of an associate	Other reserves	Retained profits	Proposed final dividends	Total	Non-controlling interests	Total equity
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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 year		–	–	–	–	–	–	–	430,824	–	430,824	–	430,824
Changes in fair value of other investments		–	–	–	–	–	–	350	–	–	350	–	350
Share of other comprehensive (loss)/income of an associate		–	–	–	–	–	(51,919)	4,364	–	–	(47,555)	–	(47,555)
Realised reserves upon deemed dilution of investment in an associate		–	–	–	–	–	(251)	129	–	–	(122)	–	(122)
Other comprehensive (loss)/income for the year		–	–	–	–	–	(52,170)	4,843	–	–	(47,327)	–	(47,327)
Total comprehensive (loss)/income for the year		–	–	–	–	–	(52,170)	4,843	430,824	–	383,497	–	383,497
2010 final dividends declared and paid		–	–	–	–	–	–	–	–	(23,987)	(23,987)	–	(23,987)
Proposed 2011 final dividends	12	–	–	–	–	–	–	–	(23,987)	23,987	–	–	–
At 31 December 2011		79,956	95,738*	1,350*	1,800*	1,321,935*	(42,873)*	3,416*	3,035,779*	23,987	4,521,088	–	4,521,088

* These reserve accounts comprise the consolidated reserves of HK$4,417,145,000 (2010: HK$4,057,635,000 (as restated)) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Attributable to equity holders of the Company											
		Issued share capital	Share premium account	Capital redemption reserve	Capital reserve	Contributed surplus	Investment revaluation reserve of an associate	Other reserves	Retained profits	Proposed final dividends	Total	Non-controlling interests	Total equity
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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 year, as restated		–	–	–	–	–	–	–	606,822	–	606,822	(17)	606,805
Changes in fair value of other investments		–	–	–	–	–	–	810	–	–	810	–	810
Share of other comprehensive income of an associate		–	–	–	–	–	20,741	2,427	–	–	23,168	–	23,168
Other comprehensive income for the year		–	–	–	–	–	20,741	3,237	–	–	23,978	–	23,978
Total comprehensive income for the year		–	–	–	–	–	20,741	3,237	606,822	–	630,800	(17)	630,783
Acquisition of non-controlling interests without change in control		–	–	–	–	–	–	–	(307)	–	(307)	307	–
2009 final dividends declared and paid		–	–	–	–	–	–	–	–	(19,989)	(19,989)	–	(19,989)
Proposed 2010 final dividends	12	–	–	–	–	–	–	–	(23,987)	23,987	–	–	–
At 31 December 2010, 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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations	27	114,768	98,742
Interest paid		(4,483)	(5,526)
Hong Kong profits tax paid		(15,763)	(12,509)
Hong Kong profits tax refunded		922	—
Net cash flows from operating activities		95,444	80,707
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		107	23
Dividends received from an associate		46,576	55,892
Renovation of investment properties		(2,512)	(8,641)
Purchases of items of property, plant and equipment		(1,435)	(6)
Proceeds from disposal of an item of property, plant and equipment		200	—
Net cash flows from investing activities		42,936	47,268
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		(123,000)	(94,600)
Dividends paid		(23,987)	(19,989)
Net cash flows used in financing activities		(146,987)	(114,589)
Net (decrease)/increase in cash and cash equivalents		(8,607)	13,386
Cash and cash equivalents at 1 January		80,320	66,934
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		71,713	80,320
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	20,713	15,320
Non-pledged time deposits with original maturity of less than three months when acquired	21	51,000	65,000
		71,713	80,320

STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	16	2,083,204	2,106,921
CURRENT ASSETS			
Other receivables		86	233
Tax recoverable		8	—
Cash and bank balances		909	774
Total current assets		1,003	1,007
CURRENT LIABILITIES			
Other payables		1,472	1,299
Tax payable		—	5
Total current liabilities		1,472	1,304
NET CURRENT LIABILITIES		(469)	(297)
Net assets		2,082,735	2,106,624
EQUITY			
Issued share capital	25	79,956	79,956
Reserves	26	1,978,792	2,002,681
Proposed final dividends	12	23,987	23,987
Total equity		2,082,735	2,106,624

Wong Chi Keung
Director

Yuen Wing Shing
Director

NOTES TO FINANCIAL STATEMENTS

31 December 2011

1 CORPORATE INFORMATION

Y. T. Realty Group Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Rooms 3301-07, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the Group was involved in the following principal activities:

(a) Property investment and trading;

(b) Provision of property management and related services; and

(c) Investment holding.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and other investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring into line any dissimilar accounting policies that may exist. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemption 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
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

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 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. In addition, as a result of this change and as required by HKAS 1 Presentation of Financial Statements, these financial statements also include a consolidated statement of financial position as at 1 January 2010.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(continued)*

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

The effects on the consolidated income statement, consolidated statement of financial position, consolidated statement of changes in equity and basic and diluted earnings per share of the Group are summarised as follows:

Consolidated income statement for the year ended 31 December

	2011	2010
	HK$'000	*HK$'000*
Decrease in income tax expense	**49,543**	60,551
Increase in profit for the year and profit attributable to equity holders of the Company for the year	**49,543**	60,551
Increase in basic and diluted earnings per share attributable to ordinary equity holders of the Company	**HK6.2 cents**	HK7.6 cents

Consolidated statement of financial position as at 31 December/1 January

	31 December 2011	31 December 2010	1 January 2010
	HK$'000	*HK$'000*	*HK$'000*
Decrease in deferred tax liabilities	**255,501**	205,958	145,407
Increase in retained profits	**255,501**	205,958	145,407

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (2011)	Employee Benefits[3]
HKAS 27 (2011)	Separate Financial Statements[3]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[3]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2014
5 Effective for annual periods beginning on or after 1 January 2015

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

(b) Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(c) Goodwill

Goodwill arising on the acquisition of associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is prior to 1 January 2010 but on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Goodwill *(continued)*

Goodwill on acquisitions for which the agreement date is prior to 1 January 2010 but on or after 1 January 2005 (continued)

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties held for sale, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Impairment of non-financial assets *(continued)*

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

(e) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person;

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Office equipment, furniture and fixtures	15%
Computer software	20%
Motor vehicles	20%
Computer equipment	33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

(h) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. The cost includes the cost of land, all development expenditure and other direct costs attributable to such properties. Net realisable value is determined by reference to prevailing market prices on an individual property basis.

(i) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction cost, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents, other investments, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation and the loss arising from impairment is recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Investments and other financial assets *(continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in other reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from other reserve to the income statement. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(l) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Impairment of financial assets *(continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effect interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Impairment of financial assets *(continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or ''prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and bank loans.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

(n) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

(o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

(q) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

(r) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) sale of properties and property interest, on the execution of legally binding contracts of sale;

(ii) rental income from properties, in the period in which the properties are let and on the straight-line basis over the lease terms;

(iii) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;

(iv) dividend income, when the shareholders' right to receive payment has been established; and

(v) property management and related services revenue, when the services are rendered.

(u) Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Employee benefits *(continued)*

Share-based payment transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options of an associate is reflected as additional share dilution in the computation of earnings per share.

Pension scheme

The Group operates to a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

(w) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2011 was HK$253,173,000 (2010: HK$266,924,000). More details are given in note 18.

Investment properties

The fair values of the Group's investment properties are determined by independent valuers on an open market, existing use basis. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate capitalisation rates. Relevant estimates are regularly compared to actual market data.

4 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.

4 OPERATING SEGMENT INFORMATION *(continued)*

Group

2011

	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	Consolidated HK$'000
Segment revenue	149,947	—	10,525	—	160,472
Segment results	409,498	—	6,128	—	415,626
Loss on deemed dilution of investment in an associate	—	—	—	(62,716)	(62,716)
Finance costs					(5,774)
Share of results of an associate	—	—	—	101,693	101,693
Profit before tax					448,829
Income tax expense	(16,215)	—	(649)	—	(16,864)
Unallocated income tax expense					(1,141)
Profit for the year					430,824
Assets and liabilities					
Segment assets	3,350,547	—	965	—	3,351,512
Investment in an associate	—	—	—	1,489,922	1,489,922
Unallocated assets					73,613
Total assets					4,915,047
Segment liabilities	136,921	—	7,800	16	144,737
Unallocated liabilities					249,222
Total liabilities					393,959
Other segment information:					
Capital expenditure	3,947	—	—	—	3,947
Depreciation	86	—	3	—	89
Impairment of trade receivables	—	—	517	—	517
Changes in fair value of investment properties	301,088	—	—	—	301,088

4 OPERATING SEGMENT INFORMATION *(continued)*

Group

2010 *(Restated)*

	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*	Consolidated *HK$'000*
Segment revenue	136,419	270	8,560	—	145,249
Segment results	466,170	(10)	6,621	—	472,781
Finance costs					(7,217)
Share of results of an associate	—	—	—	157,567	157,567
Profit before tax					623,131
Income tax expense	(14,576)	—	(686)	—	(15,262)
Unallocated income tax expense					(1,064)
Profit for the year					606,805
Assets and liabilities					
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					4,670,589
Segment liabilities	130,611	—	5,245	14	135,870
Unallocated liabilities					373,141
Total liabilities					509,011
Other segment information:					
Capital expenditure	8,641	—	6	—	8,647
Depreciation	—	—	286	—	286
Changes in fair value of investment properties	367,659	—	—	—	367,659

4 OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	Group	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**160,472**	145,249

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

(b) Non-current assets

	Group	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**4,816,155**	4,567,280
Mainland China	**10,005**	9,210
	4,826,160	4,576,490

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

Information about a major customer

Revenue of approximately HK$19,827,000 (2010: HK$16,055,000) was derived from a single customer under the property investment segment.

5 REVENUE AND OTHER INCOME

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.

An analysis of revenue and other income is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Rental income from investment properties	**149,947**	136,419
Income from property management and related services	**10,525**	8,560
Sale of properties held for sale	**—**	270
	160,472	145,249
Other income		
Bank interest income	**135**	28
Reinstatement compensation	**1,055**	130
Others	**1,454**	276
	2,644	434

6 FINANCE COSTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans:		
Wholly repayable within five years	**2,139**	3,300
Not wholly repayable within five years	**2,259**	2,386
	4,398	5,686
Loan arrangement fees	**1,376**	1,531
	5,774	7,217

7 PROFIT BEFORE TAX

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

	2011	2010
	HK$'000	*HK$'000*
Depreciation *(note 14)*	89	286
Minimum lease payments under operating leases:		
Land and buildings	1,273	1,503
Impairment of trade receivables#	517	—
Impairment of other investments#	53	—
Loss on deemed dilution of investment in an associate#	62,716	—
Auditors' remuneration	1,006	1,010
Staff costs (including executive directors' remuneration *(note 8)*):		
Wages and salaries	11,407	10,333
Discretionary bonuses	14,865	14,125
Pension scheme contributions*	483	410
	26,755	24,868
Gross rental income	(149,947)	(136,419)
Less: Outgoings	9,976	5,995
Net rental income	(139,971)	(130,424)
Gain on disposal of an item of property, plant and equipment	(200)	—
Foreign exchange differences, net	1	(7)

These items are included in "Other expenses" in the consolidated income statement.

* At 31 December 2011, there were no forfeited contributions available to the Group to reduce its contributions to the pension scheme in future years (2010: Nil).

8 DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Fees	**1,650**	1,400
Other emoluments:		
Salaries, allowances and benefits in kind	**3,490**	3,235
Discretionary bonuses	**12,650**	12,100
Pension scheme contributions	**164**	152
	17,954	16,887

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(a) Independent non-executive directors

The fees paid to the independent non-executive directors during the year were as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Mr. Luk Yu King, James	**350**	300
Mr. Ng Kwok Fu	**250**	200
Mr. Leung Yu Ming, Steven	**250**	200
	850	700

There were no other emoluments payable to the independent non-executive directors during the year (2010: Nil).

8 DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors and non-executive directors

Group

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2011					
Executive directors:					
Mr. Cheung Chung Kiu	**—**	**—**	**7,500**	**1**	**7,501**
Mr. Wong Chi Keung	**—**	**3,490**	**2,900**	**161**	**6,551**
Mr. Yuen Wing Shing	**—**	**—**	**1,750**	**1**	**1,751**
Ms. Tung Wai Lan, Iris	**—**	**—**	**500**	**1**	**501**
	—	**3,490**	**12,650**	**164**	**16,304**
Non-executive directors:					
Mr. Lee Ka Sze, Carmelo	**550**	**—**	**—**	**—**	**550**
Mr. Wong Yat Fai	**250**	**—**	**—**	**—**	**250**
	800	**3,490**	**12,650**	**164**	**17,104**
2010					
Executive directors:					
Mr. Cheung Chung Kiu	—	—	7,500	1	7,501
Mr. Wong Chi Keung	—	3,235	2,700	149	6,084
Mr. Yuen Wing Shing	—	—	1,500	1	1,501
Ms. Tung Wai Lan, Iris	—	—	400	1	401
	—	3,235	12,100	152	15,487
Non-executive directors:					
Mr. Lee Ka Sze, Carmelo	500	—	—	—	500
Mr. Wong Yat Fai	200	—	—	—	200
	700	3,235	12,100	152	16,187

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2010: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2010: two) non-director, highest paid employees are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,038**	1,918
Discretionary bonuses	**530**	510
Pension scheme contributions	**94**	89
	2,662	2,517

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2011	2010
HK$500,001 to HK$1,000,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	2	2

10 INCOME TAX EXPENSE

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 year.

	Group	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Current - Hong Kong	**13,848**	11,325
(Over)/under provision in prior years	**(4)**	723
	13,844	12,048
Deferred *(note 24)*	**4,161**	4,278
Total tax charge for the year	**18,005**	16,326

10 INCOME TAX EXPENSE *(continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Profit before tax	**448,829**	623,131
Tax at the statutory tax rate of 16.5% (2010: 16.5%)	**74,057**	102,817
(Over)/under provision of tax in prior years	**(4)**	723
Unrecognised temporary differences	**(36)**	33
Profits attributable to an associate	**(16,780)**	(25,999)
Income not subject to tax	**(49,758)**	(60,668)
Expenses not deductible for tax	**10,426**	72
Tax losses utilised from previous periods	**—**	(680)
Tax losses not recognised	**94**	18
Others	**6**	10
Tax charge at the Group's effective rate	**18,005**	16,326

11 PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2011 includes a profit of HK$98,000 (2010: HK$113,000) which has been dealt with in the financial statements of the Company (note 26).

12 PROPOSED FINAL DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Proposed final dividends - HK3.0 cents (2010: HK3.0 cents) per ordinary share	**23,987**	23,987

The proposed final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

The calculation of the diluted earnings per share amount for the year is based on the adjusted profit for the year 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 year.

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

	2011 *HK$'000*	2010 *HK$'000* *(Restated)*
Earnings		
Profit for the year attributable to ordinary equity holders of the Company	**430,824**	606,822
Effects of all potentially dilutive ordinary shares of an associate of the Group	**(1,691)**	(5,242)
	429,133	601,580

	Number of shares 2011	 2010
Shares		
Weighted average number of ordinary shares in issue during the year	**799,557,415**	799,557,415

14 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements *HK$'000*	Office equipment, furniture and fixtures *HK$'000*	Computer software *HK$'000*	Motor vehicles *HK$'000*	Computer equipment *HK$'000*	Total *HK$'000*
31 December 2011						
At 31 December 2010 and at 1 January 2011:						
Cost	772	451	461	1,333	208	3,225
Accumulated depreciation	(756)	(381)	(460)	(1,333)	(203)	(3,133)
Net carrying amount	16	70	1	—	5	92
At 1 January 2011, net of accumulated depreciation	16	70	1	—	5	92
Additions	—	3	12	1,400	20	1,435
Write-off	—	(2)	—	(1,333)	(21)	(1,356)
Depreciation provided during the year	(5)	(27)	(2)	(47)	(8)	(89)
Write-back of depreciation	—	2	—	1,333	21	1,356
At 31 December 2011, net of accumulated depreciation	11	46	11	1,353	17	1,438
At 31 December 2011:						
Cost	772	452	473	1,400	207	3,304
Accumulated depreciation	(761)	(406)	(462)	(47)	(190)	(1,866)
Net carrying amount	11	46	11	1,353	17	1,438

14 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

	Leasehold improvements *HK$'000*	Office equipment, furniture and fixtures *HK$'000*	Computer software *HK$'000*	Motor vehicles *HK$'000*	Computer equipment *HK$'000*	Total *HK$'000*
31 December 2010						
At 1 January 2010:						
Cost	772	451	461	1,333	241	3,258
Accumulated depreciation	(750)	(350)	(458)	(1,089)	(239)	(2,886)
Net carrying amount	22	101	3	244	2	372
At 1 January 2010, net of accumulated depreciation	22	101	3	244	2	372
Additions	—	—	—	—	6	6
Write-off	—	—	—	—	(39)	(39)
Depreciation provided during the year	(6)	(31)	(2)	(244)	(3)	(286)
Write-back of depreciation	—	—	—	—	39	39
At 31 December 2010, net of accumulated depreciation	16	70	1	—	5	92
At 31 December 2010:						
Cost	772	451	461	1,333	208	3,225
Accumulated depreciation	(756)	(381)	(460)	(1,333)	(203)	(3,133)
Net carrying amount	16	70	1	—	5	92

15 INVESTMENT PROPERTIES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Carrying amount at 1 January	3,031,200	2,654,900
Additions	2,512	8,641
Fair value adjustment	301,088	367,659
Carrying amount at 31 December	3,334,800	3,031,200

The Group's investment properties included above are held under the following lease terms:

	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Long term leases	1,721,600	—	1,721,600
Medium term leases	1,603,200	10,000	1,613,200
	3,324,800	10,000	3,334,800

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 31 December 2011.

Certain of the Group's investment properties were pledged to banks to secure banking facilities granted to the Group (note 23).

Further particulars of the Group's investment properties are included on page 92.

16 INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1,465,569**	1,465,569
Loan to a subsidiary	**1,180,866**	1,204,583
	2,646,435	2,670,152
Impairment	**(563,231)**	(563,231)
	2,083,204	2,106,921

The loan to the subsidiary is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the principal subsidiaries of the Company are set out in note 35.

17 INVESTMENT IN AN ASSOCIATE

	Group	
	2011	2010
	HK$'000	*HK$'000*
Share of net assets	**1,236,749**	1,278,274
Goodwill on acquisition *(note 18)*	**253,173**	266,924
	1,489,922	1,545,198
Market value of listed equity securities	**978,103**	1,063,493

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	
			2011	2010
The Cross-Harbour (Holdings) Limited	Ordinary shares of HK$1 each	Hong Kong	**41.66%**	43.92%

The above associate was not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

17 INVESTMENT IN AN ASSOCIATE *(continued)*

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.

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

	2011	2010
	HK$'000	*HK$'000*
Operating results for the year:		
Turnover	**247,406**	227,099
Profit attributable to shareholders of Cross-Harbour	**238,515**	358,753
Financial position at 31 December:		
Non-current assets	**2,348,245**	2,463,510
Current assets	**1,059,195**	1,063,109
Current liabilities	**(316,205)**	(350,786)
Non-current liabilities	**(531)**	(156,450)
Non-controlling interests	**(78,846)**	(68,004)
Net asset value	**3,011,858**	2,951,379

18 GOODWILL

Group

	HK$'000
Cost and net carrying amount at 1 January 2010, at 31 December 2010 and at 1 January 2011	266,924
Released on deemed dilution of investment in an associate	(13,751)
Net carrying amount at 31 December 2011	253,173

Impairment testing of goodwill

During the year, there was no impairment of goodwill (2010: Nil). Impairment testing in respect of the carrying value of the goodwill on acquisition of the associate is performed at least annually by comparing the recoverable amount of a major cash-generating unit of the associate which has been determined based on a value-in-use calculation. That calculation uses cash flow estimates based on cash flow projection over the fixed investment period of this cash-generating unit. The discount rate applied to the cash flow projection is approximately 6% (2010: 6%), which is consistent with the cost of funding of the Group or is a reasonable investment return rate for investments with stable returns.

19 OTHER INVESTMENTS

	Group	
	2011	2010
	HK$'000	HK$'000
Unlisted investments, at fair value at 1 January	1,603	793
Fair value adjustment	350	810
Impairment	(53)	—
Unlisted investments, at fair value at 31 December	1,900	1,603

20 TRADE RECEIVABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**2,411**	1,664
Impairment	**(517)**	—
	1,894	1,664

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.

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:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 - 30 days	**1,680**	116
31 - 60 days	**141**	1,460
Over 60 days	**73**	88
	1,894	1,664

20 TRADE RECEIVABLES *(continued)*

The movements in provision for impairments of trade receivables are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
At 1 January	**—**	—
Impairment losses recognised *(note 7)*	**517**	—
At 31 December	**517**	—

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$517,000 (2010: Nil) with a carrying amount before provision of HK$517,000 (2010: Nil). The individually impaired trade receivables relate to customers that were in default in payments.

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**649**	116
Less than 1 month past due	**1,098**	1,460
1 to 2 months past due	**74**	42
Over 2 months past due	**73**	46
	1,894	1,664

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers. Based on the review of the status of these receivables and the related customers, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21 CASH AND CASH EQUIVALENTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Cash and bank balances	**20,713**	15,320
Time deposits	**51,000**	65,000
	71,713	80,320

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

22 TRADE PAYABLES

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 - 30 days	**3,731**	1,264

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

23 BANK LOANS, SECURED

	Group	
	2011	2010
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**73,000**	153,000
In the second year	**43,000**	43,000
In the third to fifth years, inclusive	**71,500**	94,500
Beyond five years	**61,600**	81,600
	249,100	372,100
Amounts classified under current liabilities	**(73,000)**	(153,000)
Amounts classified under non-current liabilities	**176,100**	219,100

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 2011 and 2010 were 1.38% 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$3,315,600,000 (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.

24 DEFERRED TAX

The net deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Group

		Deferred tax liabilities		Deferred tax assets	
	Note	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Losses available for offsetting against future taxable profits *HK$'000*	Net *HK$'000*
At 1 January 2011					
As previously reported		(61,582)	(205,993)	131	(267,444)
Change in accounting policy		—	205,993	(35)	205,958
As restated		(61,582)	—	96	(61,486)
Deferred tax (charged)/credited to the income statement during the year	10	(4,168)	—	7	(4,161)
At 31 December 2011		(65,750)	—	103	(65,647)
At 1 January 2010					
As previously reported		(57,208)	(145,407)	—	(202,615)
Change in accounting policy		—	145,407	—	145,407
As restated		(57,208)	—	—	(57,208)
Deferred tax (charged)/credited to the income statement during the year *(Restated)*	10	(4,374)	—	96	(4,278)
At 31 December 2010 *(Restated)*		(61,582)	—	96	(61,486)

The Group has tax losses arising in Hong Kong of HK$20,341,000 (2010: HK$19,729,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

25 SHARE CAPITAL

Shares

	2011 *HK$'000*	2010 *HK$'000*
Authorised:		
1,500,000,000 ordinary shares of HK$0.1 each	**150,000**	150,000
Issued and fully paid:		
799,557,415 ordinary shares of HK$0.1 each	**79,956**	79,956

Share options

At a special general meeting held on 29 April 2005, the Company adopted a share option scheme (the "Scheme"). Employees (including directors) of the Group are eligible participants under the Scheme. A total of 79,955,741 shares will be available for issue under the Scheme, which represents 10% of the Company's issued shares. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. The shares must be taken up under an option not later than 10 years from the date of grant of options. The Scheme will remain effective until 28 April 2015. No share option has been granted under the Scheme during the current and prior years and no option was outstanding at 31 December 2011 and 2010.

26 RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 33 and 34 of the financial statements.

The Group's contributed surplus originally represented the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

Company

	Note	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Capital redemption reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2010		95,738	1,317,168	1,350	612,299	2,026,555
Profit for the year		—	—	—	113	113
Total comprehensive income for the year		—	—	—	113	113
Proposed 2010 final dividends	*12*	—	—	—	(23,987)	(23,987)
At 31 December 2010 and at 1 January 2011		**95,738**	**1,317,168**	**1,350**	**588,425**	**2,002,681**
Profit for the year		—	—	—	**98**	**98**
Total comprehensive income for the year		—	—	—	**98**	**98**
Proposed 2011 final dividends	*12*	—	—	—	**(23,987)**	**(23,987)**
At 31 December 2011		**95,738**	**1,317,168**	**1,350**	**564,536**	**1,978,792**

The contributed surplus of the Company originally represented the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued for their acquisition at the time of the reorganisation in the preparation for the listing of the Company's shares. Under the Companies Act (1981) of Bermuda, the contributed surplus may be distributed to shareholders under certain circumstances.

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The reconciliation of profit before tax to net cash generated from operations is as follows:

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Profit before tax		**448,829**	623,131
Adjustments for:			
Share of results of an associate		**(101,693)**	(157,567)
Interest income	*5*	**(135)**	(28)
Changes in fair value of investment properties		**(301,088)**	(367,659)
Gain on disposal of an item of property, plant and equipment	*7*	**(200)**	—
Depreciation	*7*	**89**	286
Interest on bank loans	*6*	**4,398**	5,686
Impairment of trade receivables	*7*	**517**	—
Impairment of other investments	*7*	**53**	—
Loss on deemed dilution of investment in an associate	*7*	**62,716**	—
		113,486	103,849
Increase in trade receivables, other receivables, deposits and prepayments		**(3,587)**	(1,239)
Increase/(decrease) in trade payables, other payables and accrued expenses		**4,869**	(4,143)
Decrease in properties held for sale		**—**	275
Net cash generated from operations		**114,768**	98,742

28 OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms of generally two to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**154,342**	130,521
In the second to fifth years, inclusive	**237,523**	138,569
	391,865	269,090

(b) As lessee

The Group leases its office properties under operating lease arrangements. The leases for the office properties are negotiated for a term of three years.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**1,389**	1,273
In the second to fifth years, inclusive	**810**	2,199
	2,199	3,472

29 COMMITMENTS

In addition to the operating lease commitments detailed in note 28(b) above, the Group had the following capital commitments in respect of investment properties at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Contracted, but not provided for	**5,925**	6,520
Authorised, but not contracted for	**7,834**	14,357
	13,759	20,877

30 CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with facilities granted to subsidiaries	**—**	—	**969,676**	1,012,676

The Company has executed guarantees totaling HK$969,676,000 (2010: HK$1,012,676,000) with respect to banking facilities made available to its subsidiaries, of which HK$249,100,000 were utilised as at 31 December 2011 (2010: HK$372,100,000).

31 RELATED PARTY TRANSACTIONS

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

	2011 HK$'000	2010 HK$'000
Administrative staff costs paid to a shareholder *(Note)*	**1,485**	1,202

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:

	2011 HK$'000	2010 HK$'000
Short term employee benefits	**17,752**	16,850
Post-employment benefits	**221**	206
Total compensation paid to key management personnel	**17,973**	17,056

Further details of directors' emoluments are included in note 8 to the financial statements.

32 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Group	
	2011	2010
	HK$'000	*HK$'000*
Loans and receivables:		
Trade receivables	**1,894**	1,664
Other receivables and deposits	**713**	686
Cash and cash equivalents	**71,713**	80,320
	74,320	82,670
Available-for-sale financial assets:		
Other investments	**1,900**	1,603
	76,220	84,273

Financial liabilities

	Group	
	2011	2010
	HK$'000	*HK$'000*
Financial liabilities at amortised cost:		
Trade payables	**3,731**	1,264
Other payables	**48,754**	41,895
Bank loans, secured	**249,100**	372,100
	301,585	415,259

33 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:

Group

	Level 1 *HK$'000*	Total *HK$'000*
At 31 December 2011		
Available-for-sale investments:		
Other investments	**1,900**	**1,900**
At 31 December 2010		
Available-for-sale investments:		
Other investments	1,603	1,603

During the year, there were no transfers into or out of Level 1 fair value measurements (2010: Nil).

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise bank loans, cash and short term deposits. The main purpose of these financial instruments is to provide funding for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. These risks are limited under the Group's financial risk management policies and practices as summarised below.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with a floating interest rate. The Group monitors the movement in interest rates on an ongoing basis and evaluates the exposure and the costs of available hedging for its debt obligations.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *HK$'000*
2011		
Hong Kong dollar	**25**	**(623)**
Hong Kong dollar	**(25)**	**623**
2010		
Hong Kong dollar	25	(930)
Hong Kong dollar	(25)	930

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to this risk is monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are mainly rental related and are normally due on the first day of each month and the Group obtains rental deposits from its tenants.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position. Except for the financial guarantees given by the Company as disclosed in note 30, the Group does not provide any guarantees which would expose the Group to credit risk.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash and banking facilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2011				
	On demand	Within 12 months	Over 1 year to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans, secured	—	76,295	120,895	63,119	260,309
Trade payables	—	3,731	—	—	3,731
Other payables	974	47,780	—	—	48,754
	974	127,806	120,895	63,119	312,794

	2010				
	On demand	Within 12 months	Over 1 year to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans, secured	—	157,305	145,064	84,002	386,371
Trade payables	—	1,264	—	—	1,264
Other payables	795	41,100	—	—	41,895
	795	199,669	145,064	84,002	429,530

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, utilise banking facilities available to the Group, sell assets to reduce debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net bank borrowings (bank borrowings less cash and cash equivalents) divided by the shareholders' funds. The Group actively reviews the gearing ratio and the capital structure to ensure an optimal capital structure by taking into consideration the projected cash flows and profitability, projected capital expenditures and projected business and investment opportunities. As at 31 December 2011, the Group's gearing ratio was 3.9% (2010: 7.0% (as restated)).

35 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of company	Place of incorporation	Nominal value of issued and fully paid share capital	Percentage of equity attributable to the Company 2011	2010	Principal activities and place of operations
Best View Investments Hong Kong Company Limited	British Virgin Islands	1 ordinary share of US$1	**100%**	100%	Property holding in Hong Kong
Benefit Plus Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Property investment in Hong Kong
E-Tech Services Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Provision of property technical consultant services in Hong Kong

35 PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation	Nominal value of issued and fully paid share capital	Percentage of equity attributable to the Company 2011	2010	Principal activities and place of operations
Harson Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Property investment in Hong Kong
Honway Holdings Limited	British Virgin Islands	1 ordinary share of US$1	**100%**	100%	Investment holding in Hong Kong
Mainland Sun Ltd.	British Virgin Islands	1 ordinary share of US$1	**100%**	100%	Property investment in Mainland China
Score Goal Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Property investment in Hong Kong
Y. T. (China) Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Investment holding in Mainland China
Y. T. Finance Limited	Hong Kong	6,000 ordinary shares of HK$500 each	**100%**	100%	Finance vehicle in Hong Kong
Y. T. Group Management Limited	Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%	Provision of business management services in Hong Kong
Y. T. Investment Holdings Limited	British Virgin Islands	50,100 ordinary shares of US$1 each	**100%**	100%	Investment holding in Asia

35 PRINCIPAL SUBSIDIARIES *(continued)*

Name of company	Place of incorporation	Nominal value of issued and fully paid share capital	Percentage of equity attributable to the Company 2011	2010	Principal activities and place of operations
Y. T. Investment Management Limited	British Virgin Islands	1 ordinary share of US$1	**100%**	100%	Securities investment in Mainland China
Y. T. Properties International Limited	British Virgin Islands	201 ordinary shares of US$1 each	**100%**	100%	Investment holding in Hong Kong
Y. T. Property Services Limited	Hong Kong	100 ordinary shares of HK$1 each	**100%**	100%	Property management in Hong Kong

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. With the exception of Y. T. Investment Holdings Limited, all the above companies are indirect subsidiaries of the Company.

36 COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 January 2010 has been presented.

37 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2012.

PARTICULARS OF PROPERTIES

31 December 2011

INVESTMENT PROPERTIES IN HONG KONG

Location	Use	Lease expiry	Approximate site area	Approximate gross floor area	Group's interest
			Sq. ft.	*Sq. ft.*	%
Prestige Tower 23 and 25 Nathan Road Tsimshatsui	Commercial	2039	8,724	113,500	100
Century Square 1-13 D'Aguilar Street Central	Commercial	2842	6,310	94,700	100

INVESTMENT PROPERTIES IN MAINLAND CHINA

Location	Use	Lease expiry	Approximate gross floor area	Group's interest
			Sq. ft.	%
Certain units of Di Wang Apartment Shun Hing Square No. 333 Shennan East Road Luohu District, Shenzhen	Residential	2045	4,480	100

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated as appropriate, is set out below.

	Year ended 31 December				
	2007	2008	2009	2010	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
	(Restated)	*(Restated)*	*(Restated)*	*(Restated)*	
ASSETS AND LIABILITIES					
Property, plant and equipment	1,043	682	372	92	**1,438**
Investment properties	2,315,900	2,374,230	2,654,900	3,031,200	**3,334,800**
Investment in an associate	1,413,205	1,327,569	1,420,354	1,545,198	**1,489,922**
Other investments	800	793	793	1,603	**1,900**
Current assets	88,116	56,828	78,143	92,496	**86,987**
Current liabilities	(456,386)	(417,332)	(366,570)	(228,425)	**(152,212)**
Net current liabilities	(368,270)	(360,504)	(288,427)	(135,929)	**(65,225)**
Non-current liabilities	(276,939)	(256,172)	(237,208)	(280,586)	**(241,747)**
Net assets	3,085,739	3,086,598	3,550,784	4,161,578	**4,521,088**
EQUITY					
Equity attributable to equity holders of the Company					
Issued share capital	79,956	79,956	79,956	79,956	**79,956**
Reserves	2,981,796	2,990,885	3,451,129	4,057,635	**4,417,145**
Proposed final dividends	23,987	15,991	19,989	23,987	**23,987**
	3,085,739	3,086,832	3,551,074	4,161,578	**4,521,088**
Non-controlling interests	—	(234)	(290)	—	**—**
Total equity	3,085,739	3,086,598	3,550,784	4,161,578	**4,521,088**
RESULTS					
Revenue	116,520	124,344	136,800	145,249	**160,472**
Profit before tax	368,479	180,136	482,637	623,131	**448,829**
Income tax expense	(7,535)	(7,006)	(13,441)	(16,326)	**(18,005)**
Profit for the year	360,944	173,130	469,196	606,805	**430,824**
Attributable to:					
Equity holders of the Company	360,944	173,370	469,252	606,822	**430,824**
Non-controlling interests	—	(240)	(56)	(17)	**—**
	360,944	173,130	469,196	606,805	**430,824**