# 渝太地產集團有限公司*
# Y. T. REALTY GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 75)**

## 2 0 0 8 Annual Results Announcement

The board of directors of Y. T. Realty Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008. The annual results have been reviewed by the audit committee of the Company.

### CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2008

| | *Notes* | **2008** *HK$'000* | 2007 *HK$'000* |
|---|---|---|---|
| **REVENUE** | 2 | **124,344** | 116,520 |
| Direct outgoings | | **(9,338)** | (7,802) |
| Cost of properties sold | | **-** | (570) |
| | | **115,006** | 108,148 |
| Other income | | **957** | 26,526 |
| Administrative expenses | | **(32,089)** | (28,682) |
| Finance costs | | **(18,770)** | (35,147) |
| Changes in fair value of investment properties | | **50,021** | 187,892 |
| Excess over the cost of acquisition of additional interest in an associate | | **6,174** | - |
| Share of results of an associate | | **58,837** | 109,742 |
| **PROFIT BEFORE TAX** | 3 | **180,136** | 368,479 |
| Tax | 4 | **(9,595)** | (39,916) |
| **PROFIT FOR THE YEAR** | | **170,541** | 328,563 |
| **Attributable to:** | | | |
| Equity holders of the Company | | **170,781** | 328,563 |
| Minority interests | | **(240)** | - |
| | | **170,541** | 328,563 |
| PROPOSED FINAL DIVIDEND | 5 | **15,991** | 23,987 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY** | | | |
| Basic earnings per share | 6 | **HK21.4 cents** | HK41.1 cents |

**Per share information :**

| | | |
|---|---|---|
| - Dividend per share | **HK2.0 cents** | HK3.0 cents |
| - Net asset value per share | **HK$3.73** | HK$3.73 |

## CONSOLIDATED BALANCE SHEET

31 December 2008

| | *Notes* | **2008** | 2007 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **682** | 1,043 |
| Investment properties | | **2,374,230** | 2,315,900 |
| Interest in an associate | | **1,327,569** | 1,413,205 |
| Other investments | | **793** | 800 |
| Total non-current assets | | **3,703,274** | 3,730,948 |
| **CURRENT ASSETS** | | | |
| Properties held for sale | | **1,136** | 1,136 |
| Trade receivables | *7* | **1,776** | 18,529 |
| Other receivables, deposits and prepayments | | **8,808** | 7,204 |
| Cash and bank balances | | **45,108** | 61,247 |
| Total current assets | | **56,828** | 88,116 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | *8* | **3,163** | 1,398 |
| Other payables and accrued expenses | | **111,684** | 63,825 |
| Bank loans, secured | | **197,200** | 253,100 |
| Tax payable | | **1,785** | 563 |
| Total current liabilities | | **313,832** | 318,886 |
| **NET CURRENT LIABILITIES** | | **(257,004)** | (230,770) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **3,446,270** | 3,500,178 |
| **NON-CURRENT LIABILITIES** | | | |
| Bank loans, secured | | **306,700** | 363,900 |
| Deferred tax liabilities | | **153,878** | 148,856 |
| Total non-current liabilities | | **460,578** | 512,756 |
| Net assets | | **2,985,692** | 2,987,422 |
| **EQUITY** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Issued share capital | | **79,956** | 79,956 |
| Reserves | | **2,889,979** | 2,883,479 |
| Proposed final dividend | | **15,991** | 23,987 |
| | | **2,985,926** | 2,987,422 |
| Minority interests | | **(234)** | - |
| Total equity | | **2,985,692** | 2,987,422 |

*Notes :*

## 1 Basis of preparation and accounting policies

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, 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, which have been measured at fair value.

The basis of preparation and accounting policies used in the preparation of these financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 December 2007, except in relation to the new and revised HKFRSs including HKAS 39 and HKFRS 7 Amendments "Amendments to HKAS 39 Financial Instruments:Recognition and Measurement and HKFRS 7 Financial Instruments:Disclosures-Reclassification of Financial Assets", HK(IFRIC)-Int 11 "HKFRS 2-Group and Treasury Share Transactions" and HK(IFRIC)-Int 14 "HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". The adoption of these new and revised HKFRSs has had no material effect on these financial statements.

## 2 Revenue and segment information

The Group is principally engaged in property investment, property trading, provision of property management and related services and investment holding.

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 by principal activity and geographical area of operations of the Group's revenue and results are summarised as follows:

### (a) Business segments

| | Year ended 31 December 2008 | | | | |
|---|---|---|---|---|---|
| | **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** | **114,111** | **-** | **10,233** | **-** | **124,344** |
| **Segment results** | **126,776** | **(42)** | **7,161** | **-** | **133,895** |
| Finance costs | | | | | **(18,770)** |
| Excess over the cost of acquisition of additional interest in an associate | **-** | **-** | **-** | **6,174** | **6,174** |
| Share of results of an associate | **-** | **-** | **-** | **58,837** | **58,837** |
| Profit before tax | | | | | **180,136** |
| Tax | | | | | **(9,595)** |
| Profit for the year | | | | | **170,541** |
| **Assets and liabilities** | | | | | |
| Segment assets | **2,429,743** | **1,153** | **844** | **-** | **2,431,740** |
| Interest in an associate | **-** | **-** | **-** | **1,327,569** | **1,327,569** |
| Unallocated assets | | | | | **793** |
| Total assets | | | | | **3,760,102** |
| Segment liabilities | **53,217** | **16** | **19,495** | **42,119** | **114,847** |
| Unallocated liabilities | | | | | **659,563** |
| Total liabilities | | | | | **774,410** |
| **Other segment information:** | | | | | |
| Capital expenditure | **8,309** | **-** | **25** | **-** | **8,334** |
| Depreciation | **-** | **-** | **385** | **-** | **385** |
| Changes in fair value of investment properties | **50,021** | **-** | **-** | **-** | **50,021** |

## 2 Revenue and segment information *(continued)*

### (a) Business segments *(continued)*

| | Year ended 31 December 2007 | | | | |
|---|---|---|---|---|---|
| | 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** | 105,131 | 480 | 10,909 | - | 116,520 |
| **Segment results** | 262,706 | (124) | 7,708 | - | 270,290 |
| Unallocated income | | | | | 17,555 |
| Gain on disposal of subsidiaries | | | | | 6,039 |
| Finance costs | | | | | (35,147) |
| Share of results of an associate | - | - | - | 109,742 | 109,742 |
| Profit before tax | | | | | 368,479 |
| Tax | | | | | (39,916) |
| Profit for the year | | | | | 328,563 |
| **Assets and liabilities** | | | | | |
| Segment assets | 2,385,501 | 16,458 | 3,100 | - | 2,405,059 |
| Interest in an associate | - | - | - | 1,413,205 | 1,413,205 |
| Unallocated assets | | | | | 800 |
| Total assets | | | | | 3,819,064 |
| Segment liabilities | 45,265 | 15 | 19,942 | - | 65,222 |
| Unallocated liabilities | | | | | 766,420 |
| Total liabilities | | | | | 831,642 |
| **Other segment information:** | | | | | |
| Capital expenditure | 2,958 | - | 68 | - | 3,026 |
| Depreciation | - | - | 515 | - | 515 |
| Changes in fair value of investment properties | 187,892 | - | - | - | 187,892 |

There are no sales or other transactions between the business segments.

### (b) Geographical segments

| | **Segment revenue** | | **Segment results** | |
|---|---|---|---|---|
| | **2008** ***HK$'000*** | 2007 *HK$'000* | **2008** ***HK$'000*** | 2007 *HK$'000* |
| Hong Kong | **124,344** | 116,520 | **134,499** | 252,862 |
| Mainland China | **-** | - | **(604)** | 17,428 |
| | **124,344** | 116,520 | **133,895** | 270,290 |

There are no sales between the geographical segments.

## 3 Profit before tax

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

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Depreciation | **385** | 515 |
| Interest expenses | **17,832** | 34,237 |
| Gain on disposal of subsidiaries | **-** | (6,039) |
| Reversal of impairment losses on trade receivables | **-** | (15,100) |
| Interest income | **(517)** | (1,392) |

## 4 Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 December 2008.

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current - Hong Kong | **4,885** | 2,967 |
| Over provision in prior years | **(312)** | (24) |
| | **4,573** | 2,943 |
| Deferred | **5,022** | 36,973 |
| Total tax charge for the year | **9,595** | 39,916 |

## 5 Proposed final dividend

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Proposed final dividend – HK2.0 cents (2007: HK3.0 cents) per ordinary share | **15,991** | 23,987 |

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

## 6 Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amount for the year ended 31 December 2008 is based on the profit for the year attributable to ordinary equity holders of the Company of HK$170,781,000 (2007: HK$328,563,000), and the weighted average number of 799,557,415 (2007: 799,557,415) ordinary shares in issue during the year.

The diluted earnings per share amount for the years ended 31 December 2008 and 2007 have not been disclosed as no diluting events existed during the years.

## 7 Trade receivables

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

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 - 30 days | **365** | 2,721 |
| 31 - 60 days | **1,389** | 544 |
| Over 60 days | **22** | 15,264 |
| | **1,776** | 18,529 |

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 trade receivables at the end of 2007 also include proceeds receivable from sale of properties which settlement is based on payment schedule of the corresponding sale and purchase agreement. 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.

## 8 Trade payables

An aged analysis of the trade payables at the balance sheet date is as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 - 30 days | **2,193** | 1,367 |
| 31 - 60 days | **970** | 31 |
| | **3,163** | 1,398 |

## DIVIDENDS

The directors recommend the payment of a final dividend of HK2.0 cents per share for the year ended 31 December 2008. 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.

Subject to approval of the proposed final dividend by the Company's shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on Friday, 22 May 2009 to shareholders registered on Friday, 15 May 2009.

## BOOK CLOSE

The register of members and transfer books of the Company will be closed from Wednesday, 13 May 2009 to Friday, 15 May 2009, both days inclusive, during which period no transfer of shares in the Company shall be effected. In order to qualify for the final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar, Tricor Abacus Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m., Tuesday, 12 May 2009.

## NET ASSET VALUE

The consolidated net asset value per share of the Group as at 31 December 2008 was HK$3.73 based on the 799,557,415 shares in issue, approximately the same net asset value per share and 799,557,415 shares in issue as at 31 December 2007.

## BUSINESS REVIEW

The Group's net profit attributable to shareholders for the year was HK$170.8 million as compared to the net profit of HK$328.6 million in 2007, representing a 48.0% decrease from 2007. The overall performance of the Group was primarily affected by the decrease in fair value gain in the Group's investment properties and decrease in share of results from an associated company as compared to the previous financial year. Excluding the effect of property revaluation, its related deferred tax, and the net profit contribution from an associated company, the Group recorded a net profit increase of 10.7% when compared with 2007. Revenue for the year increased by 6.7% to HK$124.3 million as compared to HK$116.5 million reported in 2007. 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$50.0 million (2007: HK$187.9 million). The revaluation surplus and the corresponding deferred tax arising from the revaluation of the Group's investment properties were 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$58.8 million (2007: HK$109.7 million), a decrease of 46.4% 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.

**Property Business**

The Group's major investment properties include:

Century Square
Prestige Tower

Gross rental income for the year amounted to HK$114.1 million which represents an increase of about 8.5% when compared with last year's rental income of HK$105.1 million. The increase in rental income in 2008 was due to the increase in rental rates as well as improvement in occupancy rates of the Group's investment properties.

The global economic situation during the last financial year was extremely volatile. The magnitude of the resultant adverse effect was totally unprecedented. Being an open economy, Hong Kong was inevitably unable to immune itself from such severe global financial crisis and as a result, performance of virtually all sectors of businesses was negatively affected by various degrees.

The financial crisis forestalled the rising momentum of the general market in the middle of last year. Significant value adjustments especially for the financial and property sectors sprang up in the last quarter following the collapse of a major investment bank in the United States of America which became the trigger for a series of credit crunch events around the world.

Against this backdrop of financial crisis and volatility, the Group is pleased to report that our business during the last financial year was still considered to be relatively satisfactory with modest growth of revenue. During the first half of the financial period under review and before the bursting of credit crunch, the Group's property portfolio had been enjoying stable rental growth and pleasing occupancy rate. The financial crisis at the latter part of last year nonetheless upset the whole economy and forestalled the wide spectrum of real estate appreciation in terms of value gain and rental growth. Fortunately, the adverse impact inflicted to the Group by the financial crisis was rather mild. We ascribed this somewhat immunity to the prestigious locations of our assets, quality management services to tenants provided by our management staff, and more importantly, the Group's ability and readiness to respond and adapt to the economic changes timely as well as our pro-active approach in pursuing marketing and leasing tasks. As a result, the majority of leases to be renewed and vacant spaces to be filled in our property portfolio in 2008 had largely been concluded and at satisfactory rates in the first half of last year, prior to the bursting of financial crisis in full swing in the third quarter. For the Group's flagship property in Tsimshatsui, full occupancy was consequently secured in December, 2008. The Group is also pleased to report that despite market uncertainties, a number of quality tenants have been attracted to our property portfolio, including the luxurious watch brand Hublot, Luxottica optical shop, Watson's Wine Cellar, Advance Education Group and a premium Japanese restaurant Sushi U. At the end of 2008, the occupancy rate of the Group's property portfolio was over 96%.

The Group reckoned that commercial and retail tenants which formed the backbone of our client base depended a lot on marketing exposure particularly in time of weak market sentiment. To cope with this growing need, a major fascia improvement programme which embraced a number of prominent external billboard was undertaken and completed last summer for the Group's flagship property in Central. Such property has been gaining strong popularity since completion of the major renovation.

In conclusion, despite major market volatility and uncertainty in the local and global economy, the Group was successful in delivering stable revenue growth and positive financial result in 2008. Enduring efforts would not be spared by the management in enhancing services to our tenants and their clients to ensure satisfactory performance of our core business to be delivered in the years to come.

## FINANCING AND LIQUIDITY

Financial expenses for the year ended 31 December 2008 amounted to HK$18.8 million (2007: HK$35.1 million), a 46.6% decrease as compared to last year. The decrease in financial expenses was primarily the result of the downward adjustment of interest rates and the Group's effort to pay down the bank loan balance during the year under review. As at the end of 2008, the bank loan balance was HK$503.9 million (2007: HK$617.0 million).

The bank loans are secured by mortgages on certain investment properties with an aggregate carrying value of HK$2,363.0 million (2007: HK$2,305.0 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 2008:

| | |
|---|---|
| Within one year | 39.1% |
| In the second year | 25.1% |
| In the third to fifth years, inclusive | 35.8% |
| | 100.0% |

The gearing ratio, which is calculated as the ratio of the net bank borrowings to shareholders' funds, was 15.4% (2007: 18.6%). Revolving loans with outstanding balance of HK$140.0 million will be renewable within the next financial year. The sum of term loan instalment payments repayable within one year is HK$57.2 million which will be serviced mainly by the Group's rental income.

At the end of 2008, the Group's cash and cash equivalents was HK$45.1 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.

On 3 July 2007, the Company entered into a placing agreement (the "Agreement") with a placing agent, pursuant to which the placing agent conditionally agreed to place a maximum aggregate amount of HK$300.0 million of zero coupon convertible notes (the "Notes") with maturity date of 31 July 2010 at the conversion price of HK$1.9 per conversion share, on a best effort basis, to not less than six independent placees; each partial completion of the placing should not be less than HK$50.0 million. If the conditions of the Agreement had not been fulfilled by the long stop date which was nine months from the date of signing of the Agreement (or such later date as agreed between the Company and the placing agent), the Agreement would terminate and neither the Company nor the placing agent would have any claims against each other. Due to market condition, no Notes had been placed and the Agreement lapsed at the end of 3 April 2008.

## PROSPECTS

The Group considers that the gloomy economic outlook for Hong Kong as well as the world at large will pose major challenges to many businesses in the coming year. The financial crisis and credit crunch have brought and will continue to bring downward adjustment pressure on property value of all sectors. Business activities and retail sales turnover may contract and as a result, demand and hence rental rates for commercial and retail premises which the Group has its main investment in will soften.

Fortunately, the Mainland which the wide spectrum of our local businesses are leaning on has been least affected by the current financial crisis as compared with other economies elsewhere around the globe. More importantly, the Mainland Government's recent promulgation of a series of economic stimulus package which consists of monetary and fiscal policy adjustments aimed to boost domestic demand and smooth the cyclical downturn will have significant bearing on restoring market confidence and sentiment. Riding on this economy stimulus package, Hong Kong has forged closer partnership and collaboration with its neighbouring cities in the Pearl River Delta which has been earmarked by the central Government of China to be developed into one of the main competitive regions in the world. This would mean greater co-operation amongst cities in this region for joint projects to improve the environment and to support Hong Kong as a premier financial centre in China. Such framework of development will provide provinces and cities of Pearl River Delta better access to the world through Hong Kong and naturally will give rise to ample business and employment opportunities.

In the local scene, the Hong Kong Government has commissioned its ten infrastructure mega-projects, to be followed by construction of a mega bridge linking Hong Kong, Macau and Zhuhai next year. These major investments will not only create ample business and employment opportunities for many but to better connect Hong Kong with its neighbouring cities in the Pearl River Delta. The expansion of Closer Economic Partnership Arrangement to now cover forty services is another vivid example that stanch support from the Mainland has always been extended to Hong Kong, particularly in critical timing such as now.

Although it is widely believed that Hong Kong with strong backing from the Mainland will see swifter recovery from the financial crisis, the Group however will maintain a cautious approach in its business endeavour in the coming year. Extra effort and diligence will be made to strengthen tenant retention as well as to expand client base. The prime objective under the current volatile market environment is to maintain stable revenue stream from our core business and our property portfolio so as to ensure sustainability of business and delivery of satisfactory financial results to shareholders.

That said, the management also considers that market adjustments do provide good opportunity for the Group to invest and expand its asset base as the threshold has now become more reasonable and affordable. We will step up our effort in identifying suitable investment projects to complement our asset base in the coming year and due care and cautious approach will continue to be adopted in managing our investments.

## CONTINGENT LIABILITIES

At 31 December 2008, the Company has executed guarantees totaling HK$1,164.5 million (2007: HK$1,217.5 million), with respect to banking facilities made available to its subsidiaries, of which HK$503.9 million were utilised as at 31 December 2008 (2007: HK$617.0 million).

## STAFF

At 31 December 2008, the Group employed a staff of 37 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.

## CORPORATE GOVERNANCE PRACTICES

Throughout the accounting period covered by the annual report, the Company has met the code provisions of the Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") then in force.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code (the "Securities Code") for directors' dealing in its securities (of which the Model Code for Securities Transactions by Directors of Listed Issuers in 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.

All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard set out in the Model Code and the Securities Code throughout the year.

## 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.

On behalf of the board
**Wong Chi Keung**
*Managing Director*

Hong Kong, 27 March 2009

*As at the date of this announcement, the board of directors of the Company comprises Cheung Chung Kiu, Wong Chi Keung, Yuen Wing Shing and Tung Wai Lan, Iris who are executive directors; Lee Ka Sze, Carmelo and Wong Yat Fai who are non-executive directors; and Ng Kwok Fu, Luk Yu King, James and Leung Yu Ming, Steven who are independent non-executive directors.*

* *For identification purposes only*