YUGANG

YUGANG INTERNATIONAL LIMITED

(渝港國際有限公司) *

(Incorporated in Bermuda with limited liability)
(Stock code: 613)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2008

The board (the "Board") of directors (the "Directors") of Yugang International Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008 together with the comparative figures for the corresponding year in 2007 as follows:

Consolidated Income Statement
For the year ended 31 December 2008

	Note	**2008 HK$'000**	2007 HK$'000
REVENUE	3	**(219,185)**	107,819
Cost of sales		**(2,304)**	(63,860)
Gross profit / (loss)		**(221,489)**	43,959
Other income and gains	3	**23,142**	200,235
Administrative expenses		**(90,175)**	(83,407)
Other expenses	4	**(453,888)**	-
Finance costs	5	**(1,419)**	(2,708)
Share of profits and losses of associates		**17,151**	129,615
PROFIT / (LOSS) BEFORE TAX	6	**(726,678)**	287,694
Tax	7	**3,012**	(22,412)
PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(723,666)**	265,282
DIVIDEND		**-**	27,916
EARNINGS / (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		**(7.78) HK cents**	2.90 HK cents
Diluted		**N/A**	2.86 HK cents

Consolidated Balance Sheet
31 December 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property and equipment		**12,076**	18,651
Investment properties		**17,200**	15,300
Prepaid land lease payments		**63,925**	96,943
Interests in associates		**1,019,405**	1,019,915
Convertible notes receivable – loan portion		**4,631**	-
Loans receivable		**1,000**	1,000
Available-for-sale investments		**511,224**	2,916,046
Other assets		**360**	12,360
Total non-current assets		**1,629,821**	4,080,215
CURRENT ASSETS			
Listed equity investments at fair value through profit or loss		**377,530**	756,882
Conversion option derivative		**4,858**	-
Loans receivable		**1,000**	102,729
Trade receivables	9	**-**	5,127
Prepayments, deposits and other receivables		**4,000**	19,973
Pledged time deposits		**9,330**	9,206
Time deposits		**40,144**	50,243
Cash and bank balances		**49,587**	132,595
Total current assets		**486,449**	1,076,755
CURRENT LIABILITIES			
Trade payables	10	**-**	1,046
Tax payable		**28,459**	31,708
Other payables and accruals		**21,866**	24,482
Interest-bearing bank loans		**120,000**	-
Total current liabilities		**170,325**	57,236
NET CURRENT ASSETS		**316,124**	1,019,519
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,945,945**	5,099,734
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,865**	1,628
Net assets		**1,944,080**	5,098,106
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**93,053**	93,053
Reserves		**1,851,027**	4,977,137
Proposed final dividend		**-**	27,916
Total equity		**1,944,080**	5,098,106

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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The accounting policies and basis of preparation used in the preparation of these financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2007, except that the Group has in the current year adopted, for the first time, the following new and revised HKFRSs issued by the HKICPA. The adoption of these new HKFRSs has had no significant impact on the Group's consolidated financial statements.

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
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The HKICPA has also issued a number of new and revised HKFRSs which are not yet effective for the current reporting period. The Group has not early adopted these new HKFRSs in the consolidated financial statements. The Group expects that the adoption of these new HKFRSs will not have significant impact on the Group's financial statements in the period of initial application.

2. Segment information

An analysis by principal activity of operations of the Group's turnover and segment results is summarised as follow. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in the People's Republic of China (the "PRC"), including Hong Kong, and over 90% of the Group's assets are located in the PRC, including Hong Kong.

The following tables present revenue and profit/(loss) and certain asset, liability and expenditure information regarding the Group's business segments for the year ended 31 December 2008 and 2007 respectively.

For the year ended 31 December 2008

	Trading of scrap metals and other materials HK$'000	Treasury investment HK$'000	Property and other investments HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment revenue:					
Revenue from external customers	**2,350**	**(221,535)**	**-**	**-**	**(219,185)**
Other revenue	**17**	**-**	**19,003**	**2,667**	**21,687**
Total revenue	**2,367**	**(221,535)**	**19,003**	**2,667**	**(197,498)**
Segment results	**(8,583)**	**(712,819)**	**2,051**	**-**	**(719,351)**
Unallocated expenses, net	-	-	-	**(24,514)**	**(24,514)**
Interest income on bank deposits					**1,455**
Finance costs					**(1,419)**
Share of profits and losses of associates	**-**	**-**	**17,151**	**-**	**17,151**
Loss before tax					**(726,678)**
Tax					**3,012**
Loss for the year					**(723,666)**
Assets and liabilities:					
Segment assets	**7,536**	**469,669**	**528,643**	**-**	**1,005,848**
Interests in associates	**-**	**-**	**1,019,405**	**-**	**1,019,405**
Unallocated assets	**-**	**-**	**-**	**91,017**	**91,017**
Total assets					**2,116,270**
Segment liabilities	**1,171**	**128,514**	**2,106**	**-**	**131,791**
Unallocated liabilities	**-**	**-**	**-**	**40,399**	**40,399**
Total liabilities					**172,190**
Other segment information:					
Capital expenditure	**-**	**-**	**-**	**(674)**	**(674)**
Depreciation	**(171)**	**(52)**	**-**	**(2,236)**	**(2,459)**
Amortisation of prepaid land lease payments	**-**	**-**	**-**	**(1,632)**	**(1,632)**
Fair value losses on listed equity investments at fair value through profit or loss, net	**-**	**(421,670)**	**-**	**-**	**(421,670)**
Losses on disposal of listed equity investments at fair value through profit or loss, net	**-**	**(232,123)**	**-**	**-**	**(232,123)**
Loss on early redemption of an available-for-sale investment	**-**	**-**	**(11,170)**	**-**	**(11,170)**
Losses on disposal of items of property and equipment and associated prepaid land lease payments, net	**-**	**-**	**-**	**(10,259)**	**(10,259)**
Impairment of trade receivables	**(4,390)**	**-**	**-**	**-**	**(4,390)**
Impairment of an available-for-sale investment	-	-	**(4,970)**	**-**	**(4,970)**
Write-off of an other receivable	**-**	**-**	**-**	**(222)**	**(222)**

Segment information (continued)

For the year ended 31 December 2007

	Trading of scrap metals and other materials HK$'000	Treasury investment HK$'000	Property and other investments HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment revenue:					
Revenue from external customers	65,074	42,745	-	-	107,819
Other revenue	-	-	13,475	-	13,475
Total revenue	65,074	42,745	13,475	-	121,294
Segment results	(3,232)	158,584	16,375	-	171,727
Unallocated expenses, net	-	-	-	(19,216)	(19,216)
Interest income on bank deposits					8,276
Finance costs					(2,708)
Share of profits and losses of associates	-	-	129,615	-	129,615
Profit before tax					287,694
Tax					(22,412)
Profit for the year					265,282
Assets and liabilities:					
Segment assets	13,334	960,883	2,955,451	-	3,929,668
Interests in associates	-	-	1,019,915	-	1,019,915
Unallocated assets	-	-	-	207,387	207,387
Total assets					5,156,970
Segment liabilities	1,970	69	23	-	2,062
Unallocated liabilities	-	-	-	56,802	56,802
Total liabilities					58,864
Other segment information:					
Capital expenditure	-	-	-	(30,550)	(30,550)
Depreciation	-	(203)	-	(2,306)	(2,509)
Amortisation of prepaid land lease payments	-	-	-	(1,563)	(1,563)
Fair value gains on listed equity investments at fair value through profit or loss, net	-	168,712	-	-	168,712
Gains on disposal of listed equity investments at fair value through profit or loss, net	-	13,911	-	-	13,911

3. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of goods sold, gains/(losses) on disposal of listed equity investments at fair value through profit or loss, dividend income from listed equity investments at fair value through profit or loss and interest income from convertible notes and loans receivable during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2008 HK$'000	2007 HK$'000
Revenue		
Sales of goods	**2,350**	65,074
Gains/(losses) on disposal of listed equity investments at fair value through profit or loss, net	**(232,123)**	13,911
Dividend income from listed equity investments at fair value through profit or loss	**7,774**	17,715
Interest income from convertible notes and loans receivable	**2,814**	10,819
Others	**-**	300
	(219,185)	107,819

	2008 HK$'000	2007 HK$'000
Other income and gains		
Gross rental income	**835**	763
Interest income on bank deposits	**1,455**	8,276
Fair value gains, net:		
Listed equity investments at fair value through profit or loss	**-**	168,712
Conversion option derivative	**-**	5,072
Dividend income from available-for-sale investments	**13,269**	12,712
Fair value gains on investment properties	**1,900**	3,600
Gain on disposal of an other asset	**3,000**	-
Others	**2,683**	1,100
	23,142	200,235

4. Other expenses

	2008 **HK$'000**	2007 HK$'000
Fair value losses, net:		
Listed equity investments at fair value through profit or loss	**421,670**	-
Conversion option derivative	**356**	-
Loss on early redemption of an available-for-sale investment	**11,170**	-
Losses on disposal of items of property and equipment and associated prepaid land lease payment, net	**10,259**	-
Exchange losses, net	**851**	-
Impairment of trade receivables	**4,390**	-
Impairment of an available-for-sale investment	**4,970**	-
Write-off of an other receivable	**222**	-
	453,888	-

5. Finance costs

	2008 **HK$'000**	2007 HK$'000
Interest on bank loans	**1,419**	1,664
Interest on a convertible note *(note 8)*	**-**	1,044
Total interest expenses on financial liabilities not at fair value through profit or loss	**1,419**	2,708

6 Profit / (loss) before tax

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

	2008 **HK$'000**	2007 HK$'000
Depreciation	**2,459**	2,509
Amortisation of prepaid land lease payments	**1,632**	1,563
Losses/(gains) on disposal of items of property and equipment and associated prepaid land lease payments, net	**10,259**	(110)

7. 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.

	Group	
	2008	2007
	HK$'000	HK$'000
Group:		
Current - Hong Kong		
Charge for the year	**-**	22,328
Overprovision in prior years	**(3,249)**	(567)
	(3,249)	21,761
Deferred	**237**	651
Total tax charge/(credit) for the year	**(3,012)**	22,412

There were no significant potential deferred tax liabilities for which provision has not been made.

The share of tax attributable to associates amounting to HK$3,276,000 (2007: HK$13,627,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

8. Earnings/(loss) per share attributable to ordinary equity holders of the Company

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

A diluted loss per share amount for the year ended 31 December 2008 has not been disclosed as no diluting events existed during the year.

The calculation of diluted earnings per share amount for the prior year is based on the profit for that year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible note, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during that year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2008	2007
	HK$'000	HK$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	**(723,666)**	265,282
Interest on a convertible note *(note 5)*	**-**	1,044
Profit/(loss) attributable to ordinary equity holders of the Company before interest on a convertible note	**(723,666)**	266,326

	Number of shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**9,305,276,756**	9,137,080,820
Effect of dilution – weighted average number of ordinary shares :		
Convertible note	**-**	168,195,937
Weighted average number of ordinary shares in issue during the year used in the diluted earnings/(loss) per share calculation	**9,305,276,756**	9,305,276,757

9. Trade receivables

The Group's trading terms with its customers are mainly on credit. The general credit terms allowed range from 0 to 30 days.

An aged analysis of the trade debtors at the balance sheet date, based on the payment due date, is as follows:

	Group					
	2008			2007		
	Neither past due nor impaired HK$'000	**Past due but not impaired HK$'000**	**Total HK$'000**	Neither past due nor impaired HK$'000	Past due but not impaired HK$'000	Total HK$'000
0 to 30 days	-	-	-	343	-	343
More than 60 days	-	-	-	-	4,784	4,784
	-	-	-	343	4,784	5,127

10. Trade payables

An aged analysis of the trade creditors at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2008 HK$'000	2007 HK$'000
More than 60 days	-	1,046

The trade creditors in the prior year are non-interesting-bearing and are normally settled on 60 days terms.

FINAL DIVIDEND

The Board resolved that the Company should not declare a final dividend 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 HK$0.003 per share was paid and no interim dividend was declared.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the second half of 2008, the economy of Hong Kong became unfavorable due to the outbreak of global financial crisis and it continued to deteriorate following the collapse of Lehman Brothers in September 2008. The meltdown of the global financial market had inevitably hurt investors' confidence and dampened investment demand and activities. Notwithstanding bailouts of a number of major global financial institutions have been taken place, the market sentiment remains gloomy. The increasing unemployment rate, declining export growth and weakening private consumption all signify the deepened global financial turmoil.

The rising uncertainty in the global financial market had volatilized the global stock markets and Hong Kong's Hang Seng Index dropped drastically to the lowest of 10,676 points in October 2008, the group's treasury investment segment was therefore significantly affected.

Property Investment Business

The property investment flagship of the Group is Y. T. Realty Group Limited ("Y. T. Realty"), a major associate of the Company, whose shares are traded on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The principal properties held by Y. T. Realty include the whole block of Century Square and Prestige Tower, both situate in the core of Central District and Tsimshatsui respectively.

During the year under review, the gross rental income of Y. T. Realty recorded an increase of HK$9.0 million or 8.5% to approximately HK$114.1 million due to the increase in rents and high occupancy rates. Riding on the prestigious location of office buildings, quality property management team and enhancement of pro-active marketing strategies, Y. T. Realty had successfully retained and attracted quality tenants despite the adverse economic environment in the local market. In addition, the occupancy rate was satisfactorily committed at 96% at the end of 2008.

Y. T. Realty recorded a net profit after tax of HK$170.8 million for the year, representing a decrease of HK$157.8 million or 48.0% from the last corresponding year. It was mainly attributable to a decrease in the profit contribution from an associated company and decrease in fair value gain in the revaluation of investment properties.

Infrastructure Business

The Group's infrastructure business was held indirectly through The Cross-Harbour Holdings Ltd ("Cross-Harbour"), whose shares are traded on the main board of the Stock Exchange. The principal activities of Cross-Harbour include tunnel operations which generated steady cash flow from toll revenue. Cross-Harbour currently held substantial interests in the Western Harbour Tunnel and Tate's Cairn Tunnel.

During the year under review, the toll revenue of Western Harbour Tunnel recorded a remarkable increase. An increasing income from toll revenue can be ascertained after the acquiring of 39.5% equity interests in Tate's Cairn Tunnel in mid-December 2008.

The net profit after tax and minority interests of Cross-Harbour for the year was HK$140.3 million, representing 46.4% down from the last corresponding year. This was mainly due to the negative performance of its treasury segment for the year as opposed to the significant gain on disposal of listed securities investment in the previous financial year.

Treasury Investment
The Group held a substantial portfolio of securities investment which was vulnerable to volatility of stock market. Since the inception of subprime mortgage crisis and subsequent global financial crisis, Hang Seng Index fell down fiercely from 27,813 points on 31 December 2007 to the lowest point of 10,676 in October 2008. The extreme volatility of stock market had seriously impacted the performance of the Group's treasury investment, though the Group had cautiously diversified its investment portfolios. As such, the Group's treasury investment segment recorded a very substantial loss of HK$712.8 million for the year. Such losses were mainly attributable to unrealized loss of HK$421.7 million on securities investment and realized loss of HK$232.1 million on disposal of securities investment.

PROSPECT

Global economies are currently facing with a threat of economic recession. The series of measures that have undergone by various governments and central banks have shown limited relieves, leaving all global major stock indices continue to slide. The potential contraction of the banking and financial sectors may lead to a new round of redundancies and translate into reducing demand for commodities, housing, energy supplies and retail consumption etc.

Given Hong Kong's strong reliance on the financial and trading sectors, the territory will unavoidably be hit by the global financial crisis. Nevertheless, the PRC Central government has relaxed its macroeconomic control measures including fiscal, administrative and monetary policies. A series of stimulus measures have been pronounced to restore and maintain the economic growth of the PRC such as RMB4 trillion fiscal stimulus, series of interest rate cut, reduction in banks' deposit reserve ratio and offering of economic aid to various industries etc. In early 2009, the easing inflationary pressure in China will enable central Government to facilitate further relaxation of macroeconomic policies. Hong Kong, being one of China's window cities, will be benefited as a consequence.

To attenuate the sluggish tendancy in property market,, Y. T. Realty attempted to manage the operational risk by closely monitoring property market conditions, retaining flexibility in adjusting development plans, adjusting tenants' portfolio, pursuing active marketing and promotion tactics and launching a number of major renovations..

As the global economy will indisputably be volatile in 2009, the Group will adopt conservative strategies in financial management and focus its investment toward long-term strategic growth with sound financial and management capabilities.

FINANCIAL REVIEW

The Group recorded negative revenue of HK$219.2 million during the year under review. It was attributable to a loss of HK$232.1 million on disposal of listed securities investment for the year.

The consolidated net asset value of the Group as at 31 December 2008 was HK$1,944.1 million, representing a significant decrease of HK$3,154.0 million or 62%. It was mainly attributable to the net loss attributable to shareholders of HK$723.7 million for the year and a substantial fall in value of HK$2,392.4 million in its equity investment in C C Land Holdings Ltd ("C C Land"), whose shares are traded on the main board of the Stock Exchange.

As at 31 December 2008, the consolidated net asset value per share of the Group was HK$0.21. The Group's total assets and total liabilities were HK$2,116.3 million and HK$172.2 million respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the cash and cash equivalents of the Group was HK$89.7 million, and the cash and the listed securities investment of the Group in aggregate were HK$467.3 million. In addition, the Group maintained high value of net current asset at HK$316.1 million and healthy current ratio at 2.9 times. Gearing ratio of the Group, being the net debt divided by shareholders' equity, was kept low at 2.7%. Net debt was interest-bearing bank loans, trade and other payables, net of cash and cash equivalents. The Group had cautiously preserved a healthy financial position and adequate liquidity resources by maintaining a low gearing ratio and high liquidity ratio particularly when it was faced with economic uncertainties caused by global financial crisis.

As at 31 December 2008, the Group had bank borrowings of HK$120.0 million and none of any contingent liabilities.

EXCHANGE RISK

Except certain securities investment and bank deposits were denominated in foreign currencies which represented approximately 3.4% of the Group's net asset, the Group's major sources of income, expenses, sales and purchases of goods, major assets and bank deposits were denominated in Hong Kong dollars and US dollars. Hence the Group's exposure to foreign exchange risk is insignificant.

PLEDGE OF ASSETS

As at 31 December 2008, the Group pledged its leasehold and investment properties with an aggregate carrying value of approximately HK$61.82 million and its time deposits of approximately HK$9.33 million to secure the general banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group employed a total of 42 staffs as at 31 December 2008.

The Group's remuneration policy is to ensure fair and competitive packages based on business needs and industry practice, provide incentives to directors, senior management and employees to perform at their highest levels. Detail remuneration policies will be disclosed in the 2008 Annual Report.

The Company provides other staff benefits including MPF, medical insurance and discretionary training subside. The Company also operates a discretionary share option scheme to motivate the performance of employees.

SIGNIFICANT INVESTMENTS

The Group held a significant interest in C C Land that was accounted as available-for-sale investment, the fair value of which was HK$495.8 million as at 31 December 2008 (2007: HK$2,888.2 million), representing a significant decrease of HK$2,392.4 million for the year. This amount of fair value loss had been taken to an equity reserve account of the Group and had resulted in a significant decrease of the shareholders' equity. The Group received a dividend income of HK$12.7 million from C C Land during the year.

The Group maintained its equity interests in Y. T. Realty with a carrying value of HK$1,019.4 million as at 31 December 2008. The net profit after tax of Y.T. Realty for the year was HK$170.8 million.

CORPORATE GOVERNANCE

The Board is committed to an ongoing enhancement of effective and efficient corporate governance practices. The Board recognizes that good corporate governance practices are essential in bringing up the success of the Company and balancing the interests of shareholders, investors and employees as a whole.

Throughout the accounting period under review, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

Following specific enquiry by the Company, each Director confirmed that throughout the year of the accounting period under review, they had complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the listed securities of the Company during the year.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Cheung Chung Kiu, Mr. Yuen Wing Shing, Mr. Zhang Qing Xin, Mr. Lam Hiu Lo and Mr. Liang Kang; the non-executive Directors are Mr. Carmelo Lee Ka Sze and Mr. Wong Yat Fai; the independent non-executive Directors are Mr. Luk Yu King, James, Mr. Ng Kwok Fu and Mr. Leung Yu Ming, Steven.

APPRECIATION

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to the management and all staff for their diligence and dedication throughout the year.

By order of the Board
Yugang International Limited
Yuen Wing Shing
Managing Director

Dated the 27th day of March 2009, Hong Kong SAR

** For identification only*