YUGANG

YUGANG INTERNATIONAL LIMITED
(渝港國際有限公司)*

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

2009 INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Yugang International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009 together with the unaudited comparative figures for the corresponding period in 2008 as follows:

Consolidated Income Statement
For the six months ended 30 June 2009

	Notes	**For the six months ended 30 June** **2009** **(Unaudited)** **HK$'000**	2008 (Unaudited) HK$'000
REVENUE	3	**111,870**	6,663
Cost of sales		**-**	(2,304)
Gross profit		**111,870**	4,359
Other income and gains	3	**64,182**	20,073
Administrative expenses		**(45,797)**	(41,872)
Other expenses	4	**-**	(331,979)
Finance costs	5	**(369)**	(465)
Share of profits and losses of associates		**82,517**	37,926
PROFIT/(LOSS) BEFORE TAX	6	**212,403**	(311,958)
Tax	7	**(37)**	(881)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**212,366**	(312,839)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings/(loss) per share	8	**2.28 HK cents**	(3.36) HK cents

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**212,366**	(312,839)
Share of other comprehensive income of associates	**3,344**	78
Fair value gains/(losses) on available-for-sale investments	**785,600**	(1,660,199)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**788,944**	(1,660,121)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**1,001,310**	(1,972,960)

Consolidated Statement of Financial Position
30 June 2009

	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
NON-CURRENT ASSETS		
Property and equipment	**13,159**	12,076
Investment properties	**17,200**	17,200
Prepaid land lease payments	**63,278**	63,925
Interests in associates	**1,099,806**	1,019,405
Convertible notes receivable – loan portion	**5,277**	4,631
Loans receivable	-	1,000
Available-for-sale investments	**1,296,542**	511,224
Other assets	**360**	360
Total non-current assets	**2,495,622**	1,629,821
CURRENT ASSETS		
Listed equity investments at fair value through profit or loss	**240,532**	377,530
Conversion option derivative	**7,388**	4,858
Loans receivable	**81,000**	1,000
Prepayments, deposits and other receivables	**13,654**	4,000
Pledged time deposits	**9,335**	9,330
Time deposits	**1,782**	40,144
Cash and bank balances	**213,176**	49,587
Total current assets	**566,867**	486,449
CURRENT LIABILITIES		
Tax payable	**28,459**	28,459
Other payables and accruals	**6,738**	21,866
Interest-bearing bank loans	**80,000**	120,000
Total current liabilities	**115,197**	170,325
NET CURRENT ASSETS	**451,670**	316,124
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,947,292**	1,945,945
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**1,902**	1,865
Net assets	**2,945,390**	1,944,080
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**93,053**	93,053
Reserves	**2,852,337**	1,851,027
Total equity	**2,945,390**	1,944,080

Notes:

1. Basis of preparation and accounting policies

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting", issued by The Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2008 and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA, except that the Group has in the current period applied, for the first time the following new HKFRSs:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1: *First-time Adoption of HKFRSs* and HKAS 27: *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendment to HKFRS 2: *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	*Financial Instruments: Disclosures*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32: *Financial Instruments: Presentation* and HKAS 1: *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9: *Reassessment of Embedded Derivatives* and HKAS 39: *Financial Instruments: Recognition and Measurement*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*

Apart from the above, the Group has also adopted *Improvements to HKFRSs* * which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

* *Improvements to HKFRSs* contain amendments to HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The adoption of these new interpretations and amendments has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements, except for the followings:

(a) HKFRS 8: *Operating Segments*

HKFRS 8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The adoption of HKFRS 8 did not have any effect on the financial position or performance of the Group. However, it has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's senior management and has resulted in additional reportable segments being identified and presented. Additional disclosures about each of these segments are shown in note 2 below, including revised comparative information.

(b) HKAS 1 (Revised): *Presentation of Financial Statements*

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. The standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two linked statements.

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 2 Amendments	*Group Cash-settled Share-based Payment Transactions*[3]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 39 Amendment	Amendment to HKAS 39: Financial Instruments: *Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 18	*Transfer of Assets from Customers*[2]

1 Effective for annual periods beginning on or after 1 July 2009.

2 Effective for transfer of assets from customers received on or after 1 July 2009.

3 Effective for annual periods beginning on or after 1 January 2010.

In addition, improvements to HKFRSs were issued in May 2009 by HKICPA which contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, Appendices to HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for annual periods beginning on or after 1 July 2009 and no transitional provisions for amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. Segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable segments as follows:

(a) The treasury investment segment trades and holds debt and equity securities, receives interest and dividend income from the relevant securities investments and interest income from the provision of financing services.

(b) The property and infrastructure investment segment invests in properties for their rental income and/or for capital appreciation potential, and invests in an associate which holds two tunnels in Hong Kong generating toll revenue. The property investment activities of this segment are carried out by Y.T. Realty Group Limited ("Y.T. Realty"), an associate of the Group, whilst the infrastructure investment activities are carried out through an associate of Y.T. Realty.

(c) The "Other" segment consists of trading of scrap metals and other materials and other investments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

For the six months ended 30 June 2009

	Treasury investment HK$'000 (Unaudited)	Property and infrastructure investment HK$'000 (Unaudited)	Other HK$'000 (Unaudited)	Reportable segments total HK$'000 (Unaudited)	Adjustments (Note) HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Segment revenue:						
Revenue from external customers	**111,870**	**66,331**	**-**	**178,201**	**(66,331)**	**111,870**
Other income and gains	**62,865**	**248**	**1,317**	**64,430**	**(248)**	**64,182**
Total revenue and gains	**174,735**	**66,579**	**1,317**	**242,631**	**(66,579)**	**176,052**
Segment profit/(loss) for the period	**140,983**	**241,701**	**(1,232)**	**381,452**	**(159,184)**	**222,268**
Corporate and unallocated income and expenses, net						**(9,902)**
Profit for the period						**212,366**

Note: The activities of the property and infrastructure investment segment are carried out through the Group's associates and therefore, the entire revenue and gains of this reportable segment and its profit for the period not attributable to the Group are adjusted to arrive at the Group's consolidated revenue and gains and consolidated profit for the period.

For the six months ended 30 June 2008

	Treasury investment HK$'000 (Unaudited)	Property and infrastructure investment HK$'000 (Unaudited)	Other HK$'000 (Unaudited)	Reportable segments total HK$'000 (Unaudited)	Adjustments (Note) HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Segment revenue:						
Revenue from external customers	4,313	60,609	2,350	67,272	(60,609)	6,663
Other income and gains	13,730	442	6,343	20,515	(442)	20,073
Total revenue and gains	18,043	61,051	8,693	87,787	(61,051)	26,736
Segment profit/(loss) for the period	(344,163)	213,827	3,105	(127,231)	(175,901)	(303,132)
Corporate and unallocated income and expenses, net						(9,707)
Loss for the period						(312,839)

Note: The activities of the property and infrastructure investment segment are carried out through the Group's associates and therefore, the entire revenue and gains of this reportable segment and its profit for the period not attributable to the Group are adjusted to arrive at the Group's consolidated revenue and gains and consolidated loss for the period.

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, gain/(loss) 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 period.

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

	For the six months ended 30 June	
	2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Revenue		
Sale of goods	**-**	2,350
Gain/(loss) on disposal of listed equity investments at fair value through profit or loss, net	**72,522**	(4,576)
Dividend income from listed equity investments at fair value through profit or loss	**37,384**	6,372
Interest income from convertible notes and loans receivable	**1,964**	2,517
	111,870	6,663

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Other income and gains		
Gross rental income	**466**	444
Interest income on bank deposits	**10**	904
Fair value gains, net:		
Listed equity investments at fair value through profit or loss	**55,126**	-
Conversion option derivative	**2,529**	-
Dividend income from available-for-sale investments	**5,200**	12,826
Fair value gains on investment properties	**-**	5,700
Others	**851**	199
	64,182	20,073

4. Other expenses

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Fair value losses on listed equity investments at fair value through profit or loss, net	**-**	331,979

5. Finance costs

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans	**369**	465

6. Profit/(loss) before tax

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

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of inventories sold	**-**	2,304
Depreciation	**1,088**	1,230
Amortisation of prepaid land lease payments	**647**	826

7. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	For the six months ended 30 June	
	2009	**2008**
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Hong Kong		
Deferred tax charge	**37**	881

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

Share of tax attributable to associates amounting to HK$10,513,000 (2008: HK$5,477,000) 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 is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

The dilutive earnings/(loss) per share for the period ended 30 June 2009 and 30 June 2008 have not been disclosed as no diluting events existed during these periods.

The calculation of basic earnings/(loss) per share is based on:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	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	**212,366**	(312,839)

	Number of shares For the six months ended 30 June	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**9,305,276,756**	9,305,276,756

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2009, the global financial market gradually stabilized due to massive injection of liquidity by central banks all over the world in a concerted effort. Nevertheless, fundamentals are still weak showing no sign of full economic recovery in the short and medium terms. US unemployment rate soared to a 26-year record high of 9.5% in June 2009 whilst Hong Kong unemployment rate was up to 5.4%, being a record high for ten consecutive months. The Mainland China exports plunged for seven consecutive months to 26.4% in May against last year and Hong Kong retail sales tumbled 6.2% year-on-year in May 2009. All these data revealed that the results of economic stimulus measures launched by various governments were not obvious.

However, both the stock and property market in Hong Kong have surged since March 2009. The rally is mainly the result of massive influx of liquidity due to relaxation of bank lending policy in Mainland China and quantitative easing in monetary policy by the US. In addition, the Central Government's economic stimulus measures and large scale infrastructure projects have successfully stabilized the economy. All business segments of the Group were therefore benefited to yield a satisfactory result for the financial period under review.

Property Investment and Infrastructure Business

Property Investment Business
Y.T. Realty, an associate of the Group and the shares of which are listed on the main board of the Stock Exchange, is the flagship of the Group's property investment business. It currently holds the whole block of Century Square and Prestige Tower situated in the core of Central District and Tsimshatsui. Rental income for the six months ended 30 June 2009 amounted to HK$60.2 million, representing an increase of 9.1% from the last corresponding period. It was attributable to the overall rental rise at renewal and new lease of tenants despite the occupancy rate slightly slid below 90%.

With favorable locations together with comprehensive quality in-house professional management team and appropriate market positioning of properties, Y.T. Realty was able to attract a number of quality tenants including luxurious brands and therefore enhance the capital value of the investment properties. The investment properties were independently revalued for a surplus of HK$147.5 million at 30 June 2009.

The net profit after tax of Y.T. Realty for the period was HK$241.7 million, representing an increase of HK$27.9 million or 13.0% from the last corresponding period.

Infrastructure Business
Y.T. Realty also carried on an infrastructure business through its major associate, The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), the shares of which are listed on the main board of the Stock Exchange. This infrastructure business comprised 50% interest in Western Harbour Tunnel and 39.5% interest in Tate's Cairn Tunnel. During the financial period under review, the tunnel operations were least affected by the economic downturn and continuously generated steady stream of toll revenue. The net profit after tax and minority interests of Cross-Harbour for the period was HK$176.3 million, representing an increase of HK$6.1 million or 3.6% from the last corresponding period.

Treasury Investment

Since the third quarter of last year, the global credit crisis has greatly affected the international financial markets. Hong Kong stock market was not immunized and became very volatile. In this regards, the Group managed its securities investment cautiously and prudently.

During the six months ended 30 June 2009, the Group disposed of its securities investment to realize a gain of HK$72.5 million. In addition, the Group recorded a fair value gain of HK$55.1 million on the revaluation of securities investment as a result of surging up of stock market with strong momentum for the period. The improved performance of treasury investment has therefore contributed a satisfactory result to the Group in the first half of 2009.

PROSPECT

Given the recent rally in both the stock and property markets is the result of massive influx of liquidity, this liquidity-induced wealth effect may not be long sustained. Both the stock and property market will be prone to adjustments and consolidation if the liquidity channels out of the markets.

Although most business tycoons expressed their view that the worst time of economy might have passed, it is generally believed that a V-bound of economy is quite unlikely. Many challenges still lie ahead for a full economic recovery. Real growth of economy is yet to be confirmed.

The Group is cautiously optimistic towards the economic growth of the coming year. However, the Group will remain its cautious approach to manage its investment portfolios and focus on maintaining a strong and healthy financial position.

In light of the current economic environment of Hong Kong, Y.T. Realty has taken initiative to upgrade its investment properties to attract and retain quality tenants. Encouraging results such as confirmation of some leasing commitments have been seen during the upgrading work being undertaken. The stable growth of rental income of Y.T. Realty and steady stream of toll revenue from its infrastructure business will strengthen the profit contribution to the Group and enhance the asset value of the Group.

Looking ahead, the Group will remain cautious in the operational and financial management and strive to maintain sound financial and management capabilities to deal with any upcoming opportunities and challenges.

FINANCIAL REVIEW

Comprehensive Income
The consolidated profit attributable to shareholders of the Company for the six months ended 30 June 2009 was HK$212.4 million. Taking effect of new HKFRS from 1 January 2009, fair value gain or loss on available-for-sale investment which was previously recognized to a reserve account will be taken into account to arrive at a total comprehensive income or loss attributable to shareholders of the Company. Fair value gain on available-for-sale investment of the Group for the period was HK$785.6 million. Therefore, the total comprehensive income attributable to shareholders of the Company for the six months ended 30 June 2009 was HK$1,001.3 million, compared to total comprehensive loss of HK$1,973.0 million for the last corresponding period.

Net Asset Value
As at 30 June 2009, the consolidated net asset value of the Group was HK$2,945.4 million and the consolidated net asset value per share was HK$0.317.

Capital Structure

The Group's capital expenditure and investments were funded from cash on hand, internal cash generation and bank borrowings.

As at 30 June 2009, the Group had short term bank borrowing of HK$80 million, which had been fully repaid as at the date of interim report.

The Group adopts conservative treasury policies in cash and financial management. In order to minimize the cost of funds, the Group's treasury activities are centralized. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars and Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

Liquidity and Financial Resources

As at 30 June 2009, the Group maintained bank balance of HK$224.3 million and high level of liquidity as measured by the current ratio of 4.9 and net current assets of HK$451.7 million. In addition, the Group had also recorded an increase in cash and cash equivalents of HK$ 125.2 million during the financial period under review.

Gearing Ratio

Gearing ratio, measured by dividing net debt to shareholder's equity, decreased to zero at period end date. Net debt was total debt excluding deferred taxation net of cash and cash equivalents and was calculated as zero when cash and cash equivalents was more than enough to cover the total debt.

Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

The Group has currently two significant investments that are held for long term.

The Group held an equity interest in C C Land Holdings Limited ("C C Land"), the shares of which are listed on the main board of Stock Exchange. It was classified as an available-for-sale investment and stated at fair value of HK$1,281.4 million as at 30 June 2009, representing a fair value gain of HK$785.6 million for the period. The fair value gain was recognized as other comprehensive income in the statement of consolidated comprehensive income for the period. The Group received a dividend income of HK$5.1 million from C C Land during the period.

The Group held a substantial equity interest in Y.T. Realty with a carrying value of HK$1,099.8 million as at 30 June 2009. The net profit after tax of Y.T. Realty for the period was HK$241.7 million.

Save as disclosed above, there were no significant investment held, nor material acquisitions and disposals of subsidiaries during the period under review. There is no plan for material investments or capital assets as at 30 June 2009.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2009.

Exchange Risk

The Group's exposure to foreign exchange risk is minimal as 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.

Charge on Group Assets

As at 30 June 2009, the Group pledged its leasehold and investment properties with an aggregate carrying value of approximately HK$61.3 million and time deposits of approximately HK$9.34 million as securities for general banking facilities granted to the Group.

OPERATIONAL REVIEW

Human Resources Practices

The Group's remuneration policy is built on the principle of providing performance-oriented and market competitive packages to employees alighted with the Group's goals and objectives. The Group employed 42 employees. The Group's total remuneration costs amounted to HK$13.3 million for the six months ended 30 June 2009.

Additionally, a wide range of benefits including MPF, medical insurance and discretionary training subsides are provided to employees.

Share Option Scheme

The Company adopted a share option scheme on 29 April 2005 aiming to motivate the performance of employees at the highest level. No share option was granted during the financial period under review.

Corporate Governance

The Company is committed to achieving and maintaining high standards of corporate governance. Throughout the accounting period for the six months ended 30 June 2009, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

Securities Transactions by Directors

The Company has adopted the Code for Securities Transactions by Directors of the Company ("Directors Securities Dealings Code") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules.

Following specific enquiry by the Company, all Directors confirmed that they had, throughout the six months ended 30 June 2009, complied with the required standard set out in the Model Code and the Directors Securities Dealings Code.

REVIEW OF ACCOUNTS

The audit committee has reviewed the Company's unaudited consolidated financial statements for the six months ended 30 June 2009.

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2009 (2008: Nil)

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company during the financial period under review.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The 2009 Interim Results is published on the website of Hong Kong Exchange and Clearing Limited (http://www.hkexnews.hk) and the website of the Company (http://www.yugang.com.hk). The 2009 Interim Report will be dispatched to the shareholders and available on the above websites in due course.

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 appreciation to the management and staff members for their diligence and dedication throughout the period.

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

Dated the 18th day of September 2009, Hong Kong SAR

** For identification only*