YUGANG

YUGANG INTERNATIONAL LIMITED

(渝港國際有限公司) *

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

2009 FINAL RESULTS

The board of directors (the "Board") 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 2009 together with the comparative figures for the corresponding year in 2008 as follows:

Consolidated Income Statement
For the year ended 31 December 2009

	Notes	**2009 HK$'000**	2008 HK$'000
REVENUE	3	**105,006**	(219,185)
Cost of sales		**-**	(2,304)
Gross profit / (loss)		**105,006**	(221,489)
Other income and gains	3	**18,710**	23,142
Administrative expenses		**(99,540)**	(90,175)
Other expenses	4	**-**	(453,888)
Finance costs	5	**(376)**	(1,419)
Share of profits and losses of associates		**145,011**	17,151
PROFIT / (LOSS) BEFORE TAX	6	**168,811**	(726,678)
Income tax	7	**(158)**	3,012
PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**168,653**	(723,666)
EARNINGS / (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		**HK 1.81 cents**	HK (7.78) cents

Details of dividend proposed for the year ended 31 December 2009 are disclosed in note 8.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2009

	2009 **HK$'000**	2008 HK$'000
PROFIT / (LOSS) FOR THE YEAR	**168,653**	(723,666)
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**422,038**	(2,404,065)
Release upon early redemption	-	11,091
	422,038	(2,392,974)
Share of other comprehensive income / (loss) of associates	**3,749**	(9,470)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**425,787**	(2,402,444)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**594,440**	(3,126,110)

Consolidated Statement of Financial Position
31 December 2009

	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS		
Property and equipment	**13,457**	12,076
Investment properties	**18,000**	17,200
Prepaid land lease payments	**62,633**	63,925
Interests in associates	**1,162,706**	1,019,405
Convertible notes receivable – loan portion	**6,013**	4,631
Loans receivable	-	1,000
Available-for-sale investments	**926,603**	511,224
Other assets	**360**	360
Total non-current assets	**2,189,772**	1,629,821
CURRENT ASSETS		
Listed equity investments at fair value through profit or loss	**309,051**	377,530
Conversion option derivative	**6,720**	4,858
Loans receivable	**1,000**	1,000
Prepayments, deposits and other receivables	**4,280**	4,000
Pledged time deposits	**9,341**	9,330
Time deposits	**1,784**	40,144
Cash and bank balances	**130,000**	49,587
Total current assets	**462,176**	486,449
CURRENT LIABILITIES		
Tax payable	**29,463**	28,459
Other payables and accruals	**21,942**	21,866
Interest-bearing bank loans	**60,000**	120,000
Total current liabilities	**111,405**	170,325
NET CURRENT ASSETS	**350,771**	316,124
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,540,543**	1,945,945
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**2,023**	1,865
Net assets	**2,538,520**	1,944,080
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**93,053**	93,053
Reserves	**2,445,467**	1,851,027
Total equity	**2,538,520**	1,944,080

Notes:

1. Basis of preparation and changes in accounting policies and disclosures

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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Changes in Accounting Policies and Disclosures

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 2008, except that the Group has in the current year adopted, for the first time, the following new and revised HKFRSs issued by the HKICPA.

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	Amendments to HKFRS 2: *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7: *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendment *	Amendment to HKFRS 8: *Operating Segments – Disclosure of information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment *	Amendment to Appendix to HKAS 18: *Revenue – Determining whether an entity is acting as a principal or as an agent*
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 – Embedded Derivatives*
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*
HK(IFRIC)-Int 18	*Transfer of Assets from Customers* (adopted from July 2009)
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009)

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5: *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of the HKFRS 7 Amendments, HKFRS 8, the HKFRS 8 Amendment and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no changes to the accounting policies applied in these financial statements.

The principal effects of adopting the HKFRS 7 Amendments, HKFRS 8, the HKFRS 8 Amendment and HKAS 1 (Revised) are as follows:

(a) Amendments to HKFRS 7: *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) HKFRS 8: *Operating Segments* and Amendment to HKFRS 8: *Operating Segments – Disclosure of information about segment assets*

HKFRS 8, which replaces HKAS 14: *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. 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 segment being identified and presented. These revised disclosures, including the related revised comparative information, are shown in note 2 below.

The Group has early adopted in these financial statements the Amendment to HKFRS 8 issued in *Improvements to HKFRSs 2009* which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

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

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The revised standard also results in a revised title “Statement of financial position” for the “Balance sheet”.

The Group has not applied the new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application.

2. Operating 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 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 the 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.

Information regarding the Group's reportable segments, together with their related revised comparative information, is presented below:

For the year ended 31 December 2009

	Treasury investment HK$'000	Property and infrastructure investment HK$'000	Other HK$'000	Reportable segments total HK$'000	Adjustments (Note) HK$'000	Consolidated HK$'000
Segment revenue:						
Revenue	**105,006**	**136,800**	**-**	**241,806**	**(136,800)**	**105,006**
Other income and gains	**15,758**	**525**	**2,952**	**19,235**	**(525)**	**18,710**
Total revenue and gains	**120,764**	**137,325**	**2,952**	**261,041**	**(137,325)**	**123,716**
Segment profit/(loss) for the year	**41,502**	**424,751**	**(2,361)**	**463,892**	**(279,740)**	**184,152**
Corporate and unallocated income and expenses, net						**(15,499)**
Profit for the year						**168,653**

	Treasury investment HK$'000	Property and infrastructure investment HK$'000	Other HK$'000	Corporate and unallocated HK$'000	Consolidated HK$'000
Other segment information:					
Share of profits and losses of associates	**-**	**145,011**	**-**	**-**	**145,011**
Interests in associates	**-**	**1,162,706**	**-**	**-**	**1,162,706**
Capital expenditure	**-**	**-**	**1,844**	**1,816**	**3,660**
Depreciation	**-**	**-**	**413**	**1,866**	**2,279**
Amortisation of prepaid land lease payments	**-**	**-**	**-**	**1,292**	**1,292**
Interest revenue	**2,907**	**-**	**-**	**-**	**2,907**
Interest expense	**376**	**-**	**-**	**-**	**376**

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 year not attributable to the Group are adjusted to arrive at the Group's consolidated revenue and gains and consolidated profit for the year.

For the year ended 31 December 2008

	Treasury investment HK$'000	Property and infrastructure investment HK$'000	Other HK$'000	Reportable segments total HK$'000	Adjustments (Note) HK$'000	Consolidated HK$'000
Segment revenue:						
Revenue	(221,535)	124,344	2,350	(94,841)	(124,344)	(219,185)
Other income and gains	14,724	957	8,418	24,099	(957)	23,142
Total revenue and gains	(206,811)	125,301	10,768	(70,742)	(125,301)	(196,043)
Segment profit/(loss) for the year	(714,277)	170,781	(1,156)	(544,652)	(153,630)	(698,282)
Corporate and unallocated income and expenses, net						(25,384)
Loss for the year						(723,666)

	Treasury investment HK$'000	Property and infrastructure investment HK$'000	Other HK$'000	Corporate and unallocated HK$'000	Consolidated HK$'000
Other segment information:					
Share of profits and losses of associates	-	17,151	-	-	17,151
Interests in associates	-	1,019,405	-	-	1,019,405
Capital expenditure	-	-	-	674	674
Depreciation	52	-	171	2,236	2,459
Amortisation of prepaid land lease payments	-	-	-	1,632	1,632
Interest revenue	2,814	-	-	-	2,814
Interest expense	1,419	-	-	-	1,419

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 year not attributable to the Group are adjusted to arrive at the Group’s consolidated revenue and gains and consolidated loss for the year.

The Group's revenue from each product or service is set out in note 3 below.

The Group's revenue is derived solely from its operations in Hong Kong, and the non-current assets of the Group are substantially located in Hong Kong.

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:

	2009 HK$'000	2008 HK$'000
Revenue		
Sales of goods	**-**	2,350
Gains/(losses) on disposal of listed equity investments at fair value through profit or loss, net	**64,378**	(232,123)
Dividend income from listed equity investments at fair value through profit or loss	**37,721**	7,774
Interest income from convertible notes and loans receivable	**2,907**	2,814
	105,006	(219,185)

	2009 HK$'000	2008 HK$'000
Other income and gains		
Gross rental income	**939**	835
Interest income on bank deposits	**14**	1,455
Fair value gains, net:		
Listed equity investments at fair value through profit or loss	**6,651**	-
Conversion option derivative	**1,861**	-
Dividend income from available-for-sale investments	**7,233**	13,269
Fair value gains on investment properties	**800**	1,900
Gain on disposal of an other asset	**-**	3,000
Others	**1,212**	2,683
	18,710	23,142

4. Other expenses

	2009 **HK$'000**	2008 HK$'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 the 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

	2009 **HK$'000**	2008 HK$'000
Interest on bank loans	**376**	1,419

6 Profit / (loss) before tax

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

	2009 **HK$'000**	2008 HK$'000
Depreciation	**2,279**	2,459
Amortisation of prepaid land lease payments	**1,292**	1,632

7. Income 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 year.

	2009 HK$'000	2008 HK$'000
Group:		
Current - Hong Kong		
Overprovision in prior years	**-**	(3,249)
Deferred	**158**	237
Total tax charge/(credit) for the year	**158**	(3,012)

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$19,781,000 (2008: HK$3,276,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

8. Proposed final dividend

	2009 HK$'000	2008 HK$'000
Proposed final dividend – HK$0.002 per ordinary share (2008: Nil)	**18,611**	-

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. No interim dividend was declared in respect of the current and the prior years.

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

The calculation of basic earnings/(loss) per share amounts 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.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2009 and 2008 as the Group had no potentially dilutive ordinary shares in issue during those years.

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

	2009	2008
	HK$'000	HK$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic and diluted earnings/(loss) per share calculation	**168,653**	(723,666)

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	**9,305,276,756**	9,305,276,756

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2009 was a challenging year with difficult and volatile conditions in the global economy. After a series of stimulus measures implemented by the government of various countries, the global economies have been stabilized and gradually a sign of recovery was observed in the second half of 2009. Local stock and property market rebounded significantly during the year. The economy of China was, particularly, more stable and optimistic than many other regions of the world. The Central Government of the PRC reported better-than-expected economic growth in Mainland China with a GDP growth of 8.7% for the year.

2009 was also a key transitional point in the economic development of Mainland China as the Central Government has made strenuous effort to monitor the economic situation of Mainland China and roll out measures to balance the economy with both consumption-led and export-led growth. The Central Government has also demonstrated tremendous depth and understanding of the global financial turmoil in mounting well thought out measures to correct specific economic imbalances.

The transformation towards a more balanced growth structure will help the Chinese economy to ride out difficult times brought by the global financial turmoil. In addition, the steps taken by the Central Government to rebalance the structure of the economy have established a more resilient system to withstand external shocks and the policies issued to encourage domestic consumption will enable a balanced economic growth.

Hong Kong, being one of China’s window cities closely correlated with the Mainland’s economic development, was benefited consequently. The core business segments of the Group were therefore benefited to record a satisfactory growth in the financial year of 2009.

Property Investment and Infrastructure Business

Property Investment Business

The property investment business of the Group is principally carried out through Y. T. Realty, an associate of the Group 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.

Y. T. Realty has successfully maintained a good record of stable growth in its rental income since 2005. Given that the management of Y.T. Realty has adopted a proactive strategy to transform the tenant base from office usage to commercial and retail usage since 2005, it helped to generate a stable stream of rental income even during the financial turmoil.

The management of Y. T. Realty has further implemented a building improvement program since 2008 and thereby successfully attracted a number of quality tenants. Therefore, there was an overall increase in rental rates and ongoing improvement in the occupancy rate of the investment properties for the year. The gross rental income continued to record a growth of 9% to HK$124.3 million for the year ended 31 December 2009.

Y. T. Realty recorded a net profit after tax of HK$424.8 million for the year, representing an increase of HK$254.0 million or 149% from the last corresponding year. It was mainly attributable to a significant increase in the profit contribution from an associated company and the fair value gain in the revaluation of investment properties.

Infrastructure Business

The infrastructure business of the Group is carried out by The Cross-Harbour Holdings Ltd (“Cross-Harbour”), whose shares are traded on the main board of the Stock Exchange. Currently, Cross-Harbour holds substantial interests in Western Harbour Tunnel and Tate's Cairn Tunnel and thereby generates a stable stream of toll revenue to Cross-Harbour.

Following the gradual economic recovery of Hong Kong during the second half of 2009, consumer spending and confidence rebounded significantly. The average daily throughput of Western Harbour Tunnel in the fourth quarter of 2009 recorded a satisfactory growth from the last corresponding period.

The net profit after tax and minority interests of Cross-Harbour for the year was HK$291.3 million, representing an increase of 108% from the last corresponding year. It was attributable to an improvement in toll revenue of tunnels and better performance of treasury investment for the year.

Treasury Investment

The Group's treasury investment recorded a net profit of HK$41.5 million for the year (2008: net loss of HK$714.3 million). After the outbreak of financial turmoil in 2008, the Group has adopted a prudent approach in managing its treasury investment business. With the strong rebound of the local stock market in 2009, the Group's treasury investment recorded the revenue and gains in aggregate of HK$120.8 million and net profit of HK$41.5 million for the year.

PROSPECT

The Group is cautiously optimistic about the economic outlook of the PRC and Hong Kong.

The governmental rescue measures including expansionary fiscal stimulus and increase of money supply by most central banks throughout the world were met with varying degrees of success. Notwithstanding the gradual subsidence of the financial turmoil and the regaining stability of the global financial markets, certain risks remain in the year ahead because the global economic recovery was uneven and the potential withdrawal of government stimuli might bring about market adjustment and consolidation in short term. Therefore, there will be continuous volatility in the future performance of some business segments, particularly the treasury investment business of the Group.

The building improvement program executed by Y.T. Realty was successful in 2009. The management of Y.T. Realty will continue to implement extra efforts and measures such as boosting marketing endeavors to expand client base and enhancing services to tenants to reinforce loyalty with a view to ensuring stable stream of revenue and delivering satisfactory results to shareholders.

The management believes the economic growth of China will continue despite some economic adjustments in the short-term. Therefore, the Group has well positioned to benefit from an improving economy and to capitalize on new opportunities for growth.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of HK$105.0 million during the year under review as compared with negative revenue of HK$219.2 million in the last financial year. It was mainly attributable to the net gain arising from the disposal of listed equity investments of HK$64.4 million for the year whereas a loss on disposal of listed equity investments of HK$232.1 million was recorded for the last corresponding year.

Comprehensive Income

Taking into effect of HKAS 1 (Revised) from 1 January 2009, the statement of comprehensive income was introduced which included the fair value change of an available-for-sale investment. The total comprehensive income for the year ended 31 December 2009 was HK$594.4 million which included a fair value gain of HK$422.0 million on available-for-sale investment.

Net Asset Value

The consolidated net asset value of the Group as at 31 December 2009 was HK$2,538.5 million, representing an increase of HK$594.4 million or 31%. It was mainly attributable to an increase in fair value of HK$422.0 million in an available-for-sale investment.

As at 31 December 2009, the consolidated net asset value per share of the Group was HK$0.273. The Group's total assets and total liability were HK$2,651.9 million and HK$113.4 million respectively.

Capital Structure

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

The Group adopts conservative treasury policies in cash and financial management. The Group's treasury activities are centralized in order to minimize the cost of funds. 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 31 December 2009, cash and cash equivalents of the Group was HK$131.8 million, and cash and listed securities investment of the Group in aggregate were HK$440.8 million. The Group maintained high level of liquidity as measured by the current ratio of 4.1 and net current assets of HK$350.8 million.

As at 31 December 2009, the Group had short term bank borrowing of HK$60 million, which had been fully repaid subsequent to the financial year-end date.

In addition, the Group had available and unutilized short-term banking facilities of approximately HK$202 million as at 31 December 2009.

Gearing Ratio

Gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was negative as cash and cash equivalents of the Group could cover the total debt. Net debt includes interest-bearing bank borrowings and other payables, net of cash and cash equivalents.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2009.

Exchange Risk

The Group's major sources of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and US dollars.

The Group had certain securities investment denominated in foreign currencies which represented only 3.3% of the Group's net asset value.

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

Charge on Group Assets

As at 31 December 2009, the Group pledged its leasehold and investment properties with an aggregate carrying value of approximately HK$61.6 million and time deposits of approximately HK$9.3 million as securities for general banking facilities granted to the Group.

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

The Group currently holds two significant investments for long term.

The Group held substantial equity interest in Y.T. Realty with carrying value of HK$1,162.7 million as at 31 December 2009. The net profit after tax of Y.T. Realty for the year was HK$424.8 million and the Group's share of profit of Y.T. Realty for the year was HK$145.0 million.

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 the Stock Exchange. As at 31 December 2009, the carrying value of C C Land was stated at fair value of HK$917.8 million (2008: HK$495.8 million), representing an increase of HK$422.0 million for the year. This amount of fair value gain was reported as other comprehensive income in the consolidated statement of comprehensive income and taken to an investment revaluation reserve account of the Group. The Group received dividend income of HK$5.1 million from C C Land for the year.

Save as disclosed above, there were no significant investment held, or material acquisitions and disposals of subsidiaries during the year. There was no plan for material investments or capital assets as at the date of this announcement.

OPERATIONAL REVIEW

Human Resources Practices

The Group employed a total of 43 staffs as at 31 December 2009.

The Group's remuneration policy is to ensure fair and competitive package based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest levels as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, GDP growth and inflation rates. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will also be considered.

The Group also 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.

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 on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules").

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by Directors. The Company uses various communication channels to promptly inform Directors on any updates on the Model Code released by the Stock Exchange, and reminds Directors to adhere to the Model Code.

Following specific enquiry by the Company, each Director confirmed that throughout the accounting period under review, they had complied with the required standards set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") had reviewed the accounting principles and standards adopted by the Group, and had discussed and reviewed the internal control and financial reporting matters of the Group. The annual results of the Group for the year ended 31 December 2009 had been reviewed by the Audit Committee.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.002 per share ("Final Dividend") for the year ended 31 December 2009 (2008: Nil) to holders of ordinary shares whose names appear on the register of members of the Company on 24 May 2010. No interim dividend was declared for the year ended 31 December 2009 and 2008. Subject to shareholders' approval at the annual general meeting, the Final Dividend will be paid to shareholders on or about 8 June 2010.

CLOSURE OF REGISTER OF MEMBERS

An annual general meeting of the Company will be held on 24 May 2010. The register of members of the Company will be closed from 19 May 2010 to 24 May 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Final Dividend and be entitled to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 18 May 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year ended 31 December 2009.

BOARD OF DIRECTORS

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

APPRECIATION

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to all the employees for their diligence and contribution to the Group throughout the year.

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

Dated the 26th day of March 2010, Hong Kong SAR