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

(Incorporated in Bermuda with limited liability)

(Stock Code: 613)

2013 ANNUAL RESULTS

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 2013 together with the comparative figures for the corresponding year in 2012 as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
REVENUE	3	**10,308**	(1,321)
Other income and gains	3	**40,324**	68,901
Administrative expenses		**(82,658)**	(86,217)
Other expenses	4	**-**	(3,780)
Impairment of an available-for-sale investment	5	**(2,725)**	(10,776)
Finance costs	6	**(4,574)**	(3,227)
Share of profit of an associate		**199,627**	162,229
PROFIT BEFORE TAX	7	**160,302**	125,809
Income tax credit/(expense)	8	**29,431**	(41)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**189,733**	125,768
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic and diluted		**HK2.04 cents**	HK1.35 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
PROFIT FOR THE YEAR		**189,733**	125,768
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Available-for-sale investments:			
Changes in fair value		**(201,939)**	321,225
Reclassification adjustment for an impairment loss included in the consolidated statement of profit or loss	5	**2,725**	10,776
		(199,214)	332,001
Share of other comprehensive income/(loss) of an associate		**(977)**	16,716
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(200,191)**	348,717
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(10,458)**	474,485

Consolidated Statement of Financial Position
31 December 2013

	2013	2012
	HK$'000	*HK'000*
NON-CURRENT ASSETS		
Property and equipment	**51,694**	52,693
Investment properties	**37,600**	35,000
Investment in an associate	**1,903,359**	1,714,264
Convertible notes receivable – loan portion	**-**	8,061
Loans receivable	**2,000**	3,000
Available-for-sale investments	**518,383**	720,322
Other assets	**360**	360
Total non-current assets	**2,513,396**	2,533,700
CURRENT ASSETS		
Listed equity investments at fair value through profit or loss	**160,082**	171,813
Convertible notes receivable – loan portion	**9,868**	-
Embedded option derivatives	**1,108**	13
Loans receivable	**1,000**	1,000
Prepayments, deposits and other receivables	**2,703**	3,671
Pledged time deposits	**9,457**	9,426
Time deposits	**22,000**	-
Cash and bank balances	**5,621**	5,454
Total current assets	**211,839**	191,377
CURRENT LIABILITIES		
Other payables and accruals	**20,500**	22,453
Interest-bearing bank loans	**163,000**	170,000
Tax payable	-	29,463
Total current liabilities	**183,500**	221,916
NET CURRENT ASSETS/(LIABILITIES)	**28,339**	(30,539)
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,541,735**	2,503,161
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**240**	208
Interest-bearing bank loan	**49,000**	-
Total non-current liabilities	**49,240**	208
Net assets	**2,492,495**	2,502,953
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**93,053**	93,053
Reserves	**2,399,442**	2,409,900
Total equity	**2,492,495**	2,502,953

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 2012, 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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 13, and amendments to HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 1, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements. However, the application of HKFRS 13 and amendments to HKAS 1 resulted in additional disclosures in the consolidated financial statements.

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(c) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(d) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time are presented separately from items which will never be reclassified. The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has reflected the changes. In addition, the Group has adopted to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 management segment which trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments, and generates interest income from the provision of financing services;

(b) The property and infrastructure investment segment consists of investment through Y. T. Realty Group Limited ("Y. T. Realty"), an associate of the Group, in properties for rental income and/or for capital appreciation potential; and investment in an associate which holds two tunnels in Hong Kong generating toll revenue;

(c) The "Others" segment which consists of the trading of scrap metals and other materials, property investment for rental income, and other investments.

The management of the Company monitors the operating results of the Group's 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 is presented below:

Year ended 31 December 2013

	Treasury management *HK$'000*	Property and infrastructure investment *HK$'000*	Others *HK$'000*	Reportable segments total *HK$'000*	Adjustments (Note) *HK$'000*	Consolidated *HK$'000*
Segment revenue:						
Revenue	**9,105**	**200,766**	**1,203**	**211,074**	**(200,766)**	**10,308**
Other income and gains	**36,278**	**275,806**	**4,046**	**316,130**	**(275,806)**	**40,324**
Total revenue and gains	**45,383**	**476,572**	**5,249**	**527,204**	**(476,572)**	**50,632**
Segment profit for the year	**1,616**	**584,731**	**223**	**586,570**	**(385,104)**	**201,466**
Corporate and unallocated expenses, net						**(11,733)**
Profit for the year						**189,733**

	Treasury management *HK$'000*	Property and infrastructure investment *HK$'000*	Others *HK$'000*	Corporate and unallocated *HK$'000*	Consolidated *HK$'000*
Other segment information:					
Share of profit of an associate	-	**199,627**	-	-	**199,627**
Investment in an associate	-	**1,903,359**	-	-	**1,903,359**
Capital expenditure	-	-	-	**3,011**	**3,011**
Depreciation	-	-	**415**	**2,865**	**3,280**
Impairment of an available-for-sale investment	**2,725**	-	-	-	**2,725**
Interest revenue	**1,962**	-	-	-	**1,962**
Interest expense	**4,574**	-	-	-	**4,574**

Year ended 31 December 2012

	Treasury management HK$'000	Property and infrastructure investment HK$'000	Others HK$'000	Reportable segments total HK$'000	Adjustments (Note) HK$'000	Consolidated HK$'000
Segment revenue:						
Revenue	(2,416)	183,272	1,095	181,951	(183,272)	(1,321)
Other income and gains	61,416	197,657	7,485	266,558	(197,657)	68,901
Total revenue and gains	59,000	380,929	8,580	448,509	(380,929)	67,580
Segment profit/(loss) for the year	(29,338)	475,189	3,723	449,574	(312,960)	136,614
Corporate and unallocated expenses, net						(10,846)
Profit for the year						125,768

	Treasury management HK$'000	Property and infrastructure investment HK$'000	Others HK$'000	Corporate and unallocated HK$'000	Consolidated HK$'000
Other segment information:					
Share of profit of an associate	-	162,229	-	-	162,229
Investment in an associate	-	1,714,264	-	-	1,714,264
Capital expenditure	-	-	38	3,302	3,340
Depreciation	-	-	432	2,617	3,049
Impairment of an available-for-sale investment	10,776	-	-	-	10,776
Interest revenue	1,749	-	-	-	1,749
Interest expense	3,227	-	-	-	3,227

Note: The activities of the property and infrastructure investment segment are carried on through an associate of the Group 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.

The Group's revenue 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 gains or 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, interest income from convertible notes and loans receivable, and gross rental income received and receivable from investment properties during the year.

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

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Gains/(losses) on disposal of listed equity investments at fair value through profit or loss, net	**6,857**	(4,442)
Dividend income from listed equity investments at fair value through profit or loss	**286**	277
Interest income from convertible notes and loans receivable	**1,962**	1,749
Gross rental income	**1,203**	1,095
	10,308	(1,321)
Other income and gains		
Interest income on bank deposits	**23**	43
Fair value gains, net:		
Listed equity investments at fair value through profit or loss	**23,326**	30,502
Embedded option derivatives	**1,095**	-
Dividend income from an available-for-sale investment	**11,718**	30,871
Fair value gains on investment properties	**2,600**	7,400
Gain on disposal of items of property and equipment	**618**	25
Gain on disposal of a subsidiary	**859**	-
Others	**85**	60
	40,324	68,901

4. Other expenses

	2013	2012
	HK$'000	*HK$'000*
Fair value losses on embedded option derivatives, net	**-**	3,780

5. Impairment of an available-for-sale investment

As at 31 December 2012, there was a significant decline in the market value of an available-for-sale investment of the Group which is a listed equity investment in Hong Kong. The Directors considered that such a decline was a significant and/or prolonged decline in fair value below the original cost of that investment and constituted an objective evidence of impairment. Accordingly, an impairment loss of HK$10,776,000, which represented a reclassification from other comprehensive income, was recognised in the consolidated statement of profit or loss for the year ended 31 December 2012.

Subsequently, the market value of the available-for-sale investment further declined as at 31 December 2013. As a result, an impairment loss of HK$2,725,000 was recognised directly in the consolidated statement of profit or loss for the year ended 31 December 2013.

6. Finance costs

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans	**4,574**	3,227

7. Profit before tax

The Group's profit before tax is arrived at after charging the following:

	2013	2012
	HK$'000	*HK$'000*
Depreciation	**3,280**	3,049

8. Income tax

Hong Kong profits tax calculates at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2013	2012
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Overprovision in prior years (Note)	**(29,463)**	-
Deferred	**32**	41
	(29,431)	41

Note: The tax provision of HK$29,463,000 was made in prior years and it was reversed during the year ended 31 December 2013 after taking into consideration the judgment made by the Court of Final Appeal in a similar case.

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

The share of tax attributable to an associate amounting to HK$8,568,000 (2012: HK$7,882,000) is included in "Share of profit of an associate" in the consolidated statement of profit or loss.

9. Dividends

	2013	2012
	HK$'000	*HK$'000*
Proposed final dividend – HK$0.002 per ordinary share (2012: Nil)	**18,611**	-

The Board recommended the payment of a final dividend of HK$0.002 per share for the year ended 31 December 2013 (2012: Nil), subject to approval by the Company's shareholders at the annual general meeting to be held on 30 May 2014 (the "AGM"). No interim dividend was declared in respect of the current and the prior year.

10. Earnings per share attributable to ordinary equity holders of the Company

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

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 as the Group had no potentially dilutive ordinary shares in issue during those years.

The calculations of basic and diluted earnings per share are based on:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**189,733**	125,768

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**9,305,276,756**	9,305,276,756

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group reported a consolidated net profit of HK$189.7 million attributable to shareholders for the year ended 31 December 2013, representing an increase of HK$63.9 million or 50.9% from the last corresponding year. It was mainly attributable to an increase in the share of profit of an associate of HK$37.4 million due to increase in fair value gain of its investment properties, and a reversal of tax provisions of HK$29.5 million after taking into consideration the judgment made by the Court of Final Appeal in a similar case. The performance of the Group's securities investments continued to improve for the year although the local stock market index at the year end was almost the same as last year. The share of profit of an associate was HK$199.6 million for the year which represented an increase of HK$37.4 million or 23.1% from the last corresponding year.

The basic earnings per share for the year was HK2.04 cents, representing an increase of HK0.69 cents from the last corresponding year.

BUSINESS REVIEW

2013 remained a challenging year for Hong Kong as various uncertainties emerged to dampen investors' confidence. Following a sign of recovery of U.S. economy, the Federal Reserve mapped out an action plan for a gradual withdrawal of the quantitative easing monetary policy during the year. The successive tapering of bond purchases programs by Federal Reserve had stimulated a dramatic change of international capital fund flows, particularly in most of emerging markets, which caused a vigorous fluctuation in the exchange rate and financial markets. It therefore increased the volatility of global financial markets during the year.

On the other hand, the GDP growth of China was slowdown during the year as the new leaders of the PRC had shifted their previous focus of economic boost to economic reforms targeting a long-sustained economic growth in the future, which may, in the short term, result in a low GDP growth as the reforms need more time filtering through to the economy of China. Therefore, the fear of economic hard-landing of China arose in the mid of the year and brought a fear of liquidity crunch in China's interbank market which caused a slump in asset prices of local financial market in June. However, the stock market gradually rebounded in the second half of the year which resulted in an overall minor gain of Hang Seng Index for the year. The Group's treasury management recorded a positive return which in turn made an improvement in the Group's performance.

Property Investment and Infrastructure Business

Property Investment Business

The Group is carrying on its property investment business principally through Y. T. Realty, an associate of the Group and the shares of which are traded on the main board of the Stock Exchange. The principal investment properties held by Y. T. Realty include the whole block of Century Square and Prestige Tower, both are situated in the core districts of Central and Tsimshatsui respectively.

During the year, the growth of Hong Kong economy was dragged by economic slowdown of Mainland China. In addition, the Hong Kong government implemented various policies to cool down the property market which rendered a downward pressure on the property price. Local consumptions were more or less affected. However, the number of Mainland tourists visiting Hong Kong continued to rise over the last year, notwithstanding they reduced lavish spending on luxury items due to the anti-corruption policy of the PRC. The growing number of Mainland tourist arrival remained a strong support to the demand for office and retail space in prime location during the year. In addition, the positioning of investment properties of Y. T. Realty as an up-market fashion hub with a beauty façade successfully attracted and retained some famous brands at favorable rent. Therefore, Y. T. Realty maintained a stable growth in rental income and rental rates, and maintaining high occupancy rate of over 97% for the year. The gross rental income of Y. T. Realty for the year was HK$192.2 million, representing a growth of 10.8% over the last corresponding year.

In addition, the investment properties of Y. T. Realty were revalued by an independent professional valuer and recorded a fair value gain of HK$273.3 million at 31 December 2013 (2012: HK$196.1 million). The net profit after tax of Y. T. Realty was HK$584.7 million for the year, representing an increase of HK$109.5 million or 23.1% from the last corresponding year.

Infrastructure Business

The infrastructure business of the Group comprises investments in tunnels, transports and logistic operations. It is carrying on through The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), whose shares are traded on the main board of the Stock Exchange. Cross-Harbour currently holds 50% and 39.5% equity interests in Western Harbour Tunnel Company Limited and Tate's Cairn Tunnel Company Limited respectively, both of which generate a stable stream of toll income.

The tunnel operations continued to grow for the year as the toll demand remained strong. It was attributable to the low unemployment, high income and strong consumers' confidence of Hong Kong which provided a support to the growth of the average daily throughput of the tunnel operations for the year.

The net profit after tax and non-controlling interests of Cross-Harbour for the year was HK$440.2 million, representing an increase of 9.0% from the last corresponding year.

Treasury Management

The local stock market was quite volatile in 2013 with fluctuation of Hang Seng Index over 4,000 points. During the first half of the year, the stock market was adversely impacted by some negative factors, including the announcement of possible withdrawal of quantitative easing monetary policy by the Federal Reserve, and the possible implementation of economic reforms by China which may impact a slowdown in the economy of China in short term. The stock market almost fell to bottom of the year in June due to the fear of liquidity crunch in China's interbank market. However, the stock market rebounded in the second half of the year and Hang Seng Index overall recorded a minor gain from last year.

The performance of the Group's treasury management for the year was quite satisfactory when compared against the stock market. It recorded unrealised fair value gains of HK$23.3 million on listed equity investments (2012: HK$30.5 million) and realised gains of HK$6.9 million on disposal of listed equity investments for the year (2012: losses of HK$4.4 million).

OUTLOOK AND STRATEGY

Looking into 2014, the Group is cautiously optimistic as the economic recovery of the U.S. is expected to remain in a good track which may induce the Federal Reserve to maintain a steady pace for withdrawal of quantitative easing monetary policy. The economic recovery of the U.S. may stimulate the revival of the global economy. In addition, the Central Government of China has determined to maintain a GDP growth of 7.5% in 2014 which is higher than market expectation. Further, the expectation of announcing more details of economic reforms may support the stock market in 2014. Therefore, the performance of the Group's treasury management during the first half of 2014 is expected to be stable as it moves in line with the stock market.

On the other hand, the local government is expected to continue the existing cooling measures for property market in 2014 which may inevitably create downward adjustment on the property value, both in terms of price and rental rate. These measures may not have significant effect on the rental income of the investment properties of Y. T. Realty as the occupancy rate was kept at 97%, notwithstanding the upward potential of rental rate may be limited.

The Group has focused on strategic expansion and diversification of business in prior years which have been proved successful and thereby strengthened the contribution to the Group's net profit in the long term. The Group will continue to strengthen its core competencies in the main business segments as well as explore related business opportunities. However, the Group will adopt a prudent approach in pursuing a long-term strategic growth that give the Group sound financial and management capabilities.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of HK$10.3 million for the year (2012: negative revenue of HK$1.3 million). It was mainly attributable to gains of HK$6.9 million (2012: losses of HK$4.4 million) on disposal of listed equity investments.

Other Comprehensive Income

The Group recorded other comprehensive loss of HK$200.2 million for the year whereas other comprehensive income of HK$348.7 million was recorded for the last corresponding year. It was mainly attributable to a fair value loss of HK$199.2 million on available-for-sale investments of the Group for the year whereas a fair value gain of HK$332.0 million on available-for-sale investments was recorded for the last corresponding year.

Net Asset Value

The consolidated net asset value of the Group as at 31 December 2013 was HK$2,492.5 million, representing a decrease of HK$10.5 million or 0.4%. The consolidated net asset value per share of the Group as at 31 December 2013 was HK$0.268. The Group's total assets and total liabilities were HK$2,725.2 million and HK$232.7 million respectively.

Capital Structure

The Group's capital expenditure and investments were mainly funded from cash on hand, internally-generated funds and bank borrowings.

The Group adopts conservative treasury policies in cash and financial management. 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 2013, the Group's cash and cash equivalent was HK$27.6 million. The cash and cash equivalent and the listed equity investments in aggregate were HK$187.7 million. The liquidity of the Group improved for the year with a current ratio of about 1.2 as at 31 December 2013 (2012: 0.9).

The bank borrowings of the Group as at 31 December 2013 was HK$212.0 million which comprised a term loan of HK$57.0 million repayable within five years and short-term revolving loans of HK$155.0 million. All bank loans were denominated in Hong Kong dollars.

The maturity profile of the Group's bank borrowings was set out as follows:

	HK$
Due within one year or on demand	163,000,000
Due more than one year but not exceeding two years	12,000,000
Due more than two years but not exceeding five years	37,000,000
Total	212,000,000

The Group had unutilised short-term banking facilities of approximately HK$45.0 million as at 31 December 2013.

Gearing Ratio

As at 31 December 2013, the gearing ratio of the Group, measured by dividing the net debt to shareholders' equity, increased to 8.2% (2012: 7.5%). Net debt was interest-bearing bank borrowings, other payables and accruals, net of cash and cash equivalents.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2013.

Exposure to Fluctuation in Exchange Rates and Related Hedges

The Group's major source of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and U.S. dollars. The Group had certain listed equity investments denominated in foreign currencies which represented only 3.3% of the Group's net asset value. Hence, the Group's exposure to fluctuation in foreign exchange rate is minimal and the Group did not have any related hedging instruments.

Charges on Group Assets

As at 31 December 2013, the Group pledged its leasehold and investment properties with an aggregate carrying value of approximately HK$77.2 million and time deposits of approximately HK$9.5 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 continuously holds two significant investments for long term, which are an investment in an associate and an available-for-sale investment.

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) which was classified as an available-for-sale investment of the Group. The carrying value of C C Land was stated in fair value of HK$507.8 million as at 31 December 2013 (2012: HK$708.3 million). A fair value loss of HK$200.5 million was therefore recorded for the year which was accounted for in a reserve account and recognised as other comprehensive loss in the Consolidated Statement of Comprehensive Income. The Group received a final dividend income of HK$11.7 million for the year (2012: a scrip dividend income of HK$10.2 million). There was no special dividend for the year (2012: a special interim dividend in form of specie distribution of the shares of Qualipak International Holdings Limited ("Qualipak", the shares of which are listed on the main board of the Stock Exchange) at a fair value of HK$20.7 million resulted from the spin-off of Qualipak).

The Group held a substantial equity interest in Y. T. Realty which was classified as an investment in an associate. The carrying value of Y. T. Realty was HK$1,903.4 million as at 31 December 2013. The net profit after tax of Y. T. Realty was HK$584.7 million and the Group's share of profit of an associate was HK$199.6 million for the year (2012: HK$162.2 million).

Save as disclosed above, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries during the year under review. There was no present plan for material investments or acquisition of material capital assets as at the date of this announcement.

OTHER INFORMATION

Corporate Governance

The Company is committed to an ongoing enhancement of effective and efficient corporate governance. The Company has fully complied with all code provisions contained in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2013, save and except for deviation of code provision D.1.4 that the Company does not have formal letters of appointment for Directors setting out key terms and conditions of their appointment. The Company is of the view that the current arrangement is more appropriate and flexible, particularly in light of the current business activities and operational structure of the Company. Additionally, each Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years pursuant to bye-laws of the Company. The Board will review this arrangement in light of the evolving development of the Group's business activities.

Compliance of Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "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 accordingly.

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

The Company has also adopted the code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standards set out in Model Code.

Human Resources Practices

The Group's remuneration policy is to ensure fair and competitive packages 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 including economic situation and inflation. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken, employment conditions elsewhere in the Group and salaries paid by comparable companies will all be considered.

There are 35 staffs working for the Group as at 31 December 2013. The Group also provides other staff benefits including MPF, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme to motivate the performance of employees.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the accounting principles and standards adopted by the Group, and had reviewed the internal control and financial reporting matters of the Group. The annual results of the Group for the year ended 31 December 2013 had been reviewed by the audit committee.

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 2013.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.002 per share for the year ended 31 December 2013 (2012: Nil) to holders of ordinary shares whose names appear on the register of members of the Company on 10 June 2014. No interim dividend was declared for the financial year of 2013 and 2012. Subject to shareholders' approval at the AGM, the proposed final dividend will be paid to shareholders on or about 20 June 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 6 June 2014 to Tuesday, 10 June 2014, both days inclusive, during which period no transfer of shares will be registered. To qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar (the "Branch Registrar"), Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 5 June 2014. The final dividend will be paid to shareholders whose names appear on the register of members on 10 June 2014 and the payment date will be on or about 20 June 2014.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Branch Registrar, Tricor Tengis Limited, will change its address from 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. All telephone and facsimile numbers of the Branch Registrar remain unchanged.

ANNUAL GENERAL MEETING

The AGM will be held at 11:15 a.m. on Friday, 30 May 2014 at Salon I & II, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong. The Notice of AGM will be published on the website of the Company (www.yugang.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk) and despatched to shareholders of the Company around 16 April 2014.

PUBLICATION OF 2013 ANNUAL RESULTS AND ANNUAL REPORT

This Annual Results announcement is published on the website of the Company (www.yugang.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The 2013 Annual Report will be despatched to shareholders and made available on the above websites around 16 April 2014.

BOARD OF DIRECTORS

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

APPRECIATION

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

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

Dated the 25th day of March 2014, Hong Kong SAR

* *For identification purpose only*