YUGANG

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

(Incorporated in Bermuda with limited liability)
(Stock code: 00613)

2014 INTERIM RESULTS

The board (the "Board") of directors (the "Director(s)") 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 2014, together with the unaudited comparative figures for the corresponding period in 2013 as follows:

Consolidated Statement of Profit or Loss
For the six months ended 30 June 2014

	Notes	**Six months ended 30 June** **2014** **(Unaudited)** ***HK$'000***	2013 (Unaudited) *HK$'000*
REVENUE	3	**15,858**	2,274
Other income and gains	3	**79,932**	22,401
Administrative expenses		**(33,364)**	(36,033)
Impairment of an available-for-sale investment		**-**	(2,725)
Finance costs	4	**(3,530)**	(2,203)
Share of profit of an associate		**85,897**	77,910
PROFIT BEFORE TAX	5	**144,793**	61,624
Income tax	6	**(8)**	(14)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**144,785**	61,610
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		**HK1.56 cents**	HK0.66 cents

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**144,785**	61,610
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	**(134,975)**	(132,923)
Reclassification adjustment for an impairment loss included in the consolidated statement of profit or loss	**-**	2,725
	(134,975)	(130,198)
Share of other comprehensive loss of an associate	**(1,233)**	(6,231)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(136,208)**	(136,429)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**8,577**	(74,819)

Consolidated Statement of Financial Position
30 June 2014

	Note	**30 June 2014 (Unaudited)** *HK$'000*	31 December 2013 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property and equipment		**50,185**	51,694
Investment properties		**41,000**	37,600
Investment in an associate		**1,978,468**	1,903,359
Loans receivable		**1,000**	2,000
Available-for-sale investments		**383,408**	518,383
Other assets		**360**	360
Total non-current assets		**2,454,421**	2,513,396
CURRENT ASSETS			
Listed equity investments at fair value through profit or loss		**232,700**	160,082
Convertible notes receivable – loan portion		**-**	9,868
Embedded option derivatives		**-**	1,108
Loans receivable		**1,000**	1,000
Prepayments, deposits and other receivables		**2,042**	2,703
Pledged time deposits		**9,465**	9,457
Time deposits		**12,500**	22,000
Cash and bank balances		**28,249**	5,621
Total current assets		**285,956**	211,839
CURRENT LIABILITIES			
Other payables and accruals		**8,668**	20,500
Bank and other borrowings	9	**205,000**	163,000
Total current liabilities		**213,668**	183,500
NET CURRENT ASSETS		**72,288**	28,339
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,526,709**	2,541,735
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**248**	240
Bank borrowing	9	**44,000**	49,000
Total non-current liabilities		**44,248**	49,240
Net assets		**2,482,461**	2,492,495
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**93,053**	93,053
Reserves		**2,389,408**	2,399,442
Total equity		**2,482,461**	2,492,495

Notes:

1. Basis of preparation and changes in accounting policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 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

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except that the Group has in the current period applied, for the first time, the following amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) *– Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

The adoption of these amendments and interpretation has had no significant financial effect on the 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.

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, an associate of the Group, in properties for rental income and/or for capital appreciation potential; and 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/or for capital appreciation potential, 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 unaudited interim condensed consolidated financial statements.

Information regarding the Group's reportable segments is presented below:

For the six months ended 30 June 2014

	Treasury management (Unaudited) *HK$'000*	Property and infrastructure investment (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Reportable segments total (Unaudited) *HK$'000*	Adjustments (Note) (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue:						
Revenue	**15,222**	**104,382**	**636**	**120,240**	**(104,382)**	**15,858**
Other income and gains	**76,525**	**79,101**	**3,407**	**159,033**	**(79,101)**	**79,932**
Total revenue and gains	**91,747**	**183,483**	**4,043**	**279,273**	**(183,483)**	**95,790**
Segment profit for the period	**63,298**	**251,601**	**1,503**	**316,402**	**(165,704)**	**150,698**
Corporate and unallocated expenses, net						**(5,913)**
Profit for the period						**144,785**

For the six months ended 30 June 2013

	Treasury management (Unaudited) *HK$'000*	Property and infrastructure investment (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Reportable segments total (Unaudited) *HK$'000*	Adjustments (Note) (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue:						
Revenue	1,677	99,823	597	102,097	(99,823)	2,274
Other income and gains	20,266	77,884	2,135	100,285	(77,884)	22,401
Total revenue and gains	21,943	177,707	2,732	202,382	(177,707)	24,675
Segment profit/(loss) for the period	(9,329)	228,206	2	218,879	(150,296)	68,583
Corporate and unallocated expenses, net						(6,973)
Profit for the period						61,610

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

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 period.

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

	Six months ended 30 June	
	2014 (Unaudited) ***HK$'000***	2013 (Unaudited) *HK$'000*
Revenue		
Gains on disposal of listed equity investments at fair value through profit or loss, net	**14,651**	517
Dividend income from listed equity investments at fair value through profit or loss	**288**	214
Interest income from convertible notes and loans receivable	**283**	946
Gross rental income	**636**	597
	15,858	2,274

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income and gains		
Interest income on bank deposits	**14**	8
Fair value gains, net:		
Listed equity investments at fair value through profit or loss	**64,793**	8,502
Embedded option derivatives	**-**	38
Dividend income from an available-for-sale investment	**11,718**	11,718
Fair value gains on investment properties	**3,400**	2,000
Gain on disposal of items of property and equipment	**-**	135
Others	**7**	-
	79,932	22,401

4. Finance costs

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**3,530**	2,203

5. Profit before tax

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**1,517**	1,660

6. Income tax

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2014 as the Group has available tax losses brought forward from prior years to offset the assessable profits arising in Hong Kong during the period (2013: Nil).

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Deferred tax charge for the period - Hong Kong	**8**	14

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$4,396,000 (2013: HK$4,308,000) is included in "Share of profit of an associate" on the face of the consolidated statement of profit or loss.

7. Dividends

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

8. 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 period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2014 and 30 June 2013 as the Group has no potentially dilutive ordinary shares in issue during these periods.

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**144,785**	61,610

	Number of shares	
	Six months ended 30 June	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	**9,305,276,756**	9,305,276,756

9. Bank and other borrowings

	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current		
Bank borrowings - secured	**165,000**	163,000
Other borrowing - unsecured	**40,000**	-
	205,000	163,000
Non-current		
Bank borrowing - secured	**44,000**	49,000
	249,000	212,000

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a profit attributable to equity holders of the Company of HK$144.8 million for the six months ended 30 June 2014, representing an increase of HK$83.2 million or 135.0% from the last corresponding period. It was mainly attributable to a substantial unrealized fair value gain of HK$64.8 million on the revaluation of listed equity investments (2013: HK$8.5 million) and a substantial increase of realized gain on disposal of listed equity investments from HK$0.5 million in the last corresponding period to HK$14.7 million for the period.

Basic earnings per share for the six months ended 30 June 2014 was HK1.56 cents, whereas basic earnings per share of HK0.66 cents were recorded in the last corresponding period.

BUSINESS REVIEW

During the first half of 2014, the recovery of global economy remained bumpy with uncertainties. The World Bank and International Monetary Fund had marked down global economic growth forecast amid an uncertain economic outlook of the U.S. and Europe. In addition, an escalation of tensions in Ukraine might pose acute risks to the global economy.

The growth of China's economy decelerated with a fall of GDP to 7.4% in first quarter of the year. Most investors became conservative and watched for any stimulus measures by the central government of the PRC. Local stock market therefore went into a consolidation stage. During the second quarter of the year, the central government implemented some mini-stimulus measures and targeted cut of Bank's Required Deposit Reserve Ratio to shore up the economic growth. Local stock market therefore rallied and a bullish market sentiment was fuelled up gradually. Benefited by the stock market rally, the Group recorded a substantial improvement in the performance of securities investment which supported an encouraging result of the Group for the period.

Property Investment and Infrastructure Business

Property Investment Business

The Group's property investment business is principally carried out through an associate, Y. T. Realty Group Limited ("Y. T. Realty"), the shares of which are traded on the main board of the Stock Exchange. Y. T. Realty currently holds two commercial buildings, namely Century Square and Prestige Tower (collectively the "Investment Properties"), both of which are situated in the core of Central District and Tsimshatsui respectively.

During the period under review, the economic growth of Hong Kong was moderate. In particular, the retail consumption was affected by the slowdown of tourist consumption especially in luxury retail sector. Owing to a beauty façade with an up-market fashion hub of the Investment Properties, Y. T. Realty could still attract and retain quality tenants. With a quality tenant mix and well-established strong clientele, the actual impact of decrease in tourist consumption to Y. T. Realty was only modest as the overall occupancy rate slipped slightly below last year's 98%, and a moderate increase in rent and overall rental income was recorded.

The gross rental income of Y. T. Realty for the six months ended 30 June 2014 was HK$99.8 million, representing an increase of 4.6% from the last corresponding period. A fair value gain of HK$78.4 million on revaluation of Investment Properties was also recorded for the period, which represented a slight increase of about HK$1.3 million from the last corresponding period. The net profit after tax of Y. T. Realty for the period was HK$251.6 million, representing an increase of HK$23.4 million from the last corresponding period. The Group's share of profit of Y. T. Realty for the period was HK$85.9 million.

Infrastructure Business

The infrastructure business of the Group comprised investments in tunnels, transports and logistic operations. It was carried out 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 generated a steady stream of toll income with a stable growth.

As the local labour market and income remained stable during the period, domestic private consumption remained steady which supported the growth of tunnel operations during the period. Benefited from an overall increase of daily throughput, the overall toll income of tunnel operations for the period had recorded a satisfactory growth over the last corresponding period. The net profit after tax and non-controlling interests of Cross-Harbour for the period was HK$239.7 million, representing an increase of HK$47.4 million or 24.7% from the last corresponding period.

Treasury Management

During the period under review, the local stock market was relatively less volatile with a consolidation between 21,100 points and 23,400 points of Hang Seng Index. The market sentiment was mainly hindered by the factor of economic slowdown in China. However, following the launch of mini-stimulus fiscal measures and targeted cut of Bank's Required Deposit Reserve Ratio in China in second quarter, positive sentiment across the local stock market was subsequently lifted. Therefore, the Group recorded a satisfactory performance in treasury management including a substantial unrealized fair value gain of HK$64.8 million on listed equity investments and a realized gain of HK$14.7 million on disposal of listed equity investments for the period.

OUTLOOK

Looking forward, the Group is cautiously optimistic about the current year's performance as the market sentiment continued to improve since July. Hang Seng Index soared to about 25,000 points due to consecutive influx of hot money in July which encouraged bullish sentiment in the stock market. Subsequently, the release of economic indicators of China such as PMI has revealed the gradual and stable economic recovery of China. Further, the positive market expectation of Shanghai-Hong Kong Stock Connect and Reform of State-owned Enterprises in China have also strengthened investor's confidence.

As mentioned in the last published annual report, the performance of the Group is positively correlated with the performance of the stock market. The Group is cautiously optimistic about the operating performance of 2014 if the bullish sentiment of local stock market persists throughout the second half of the year.

FINANCIAL REVIEW

Other Comprehensive Income

The Group recorded other comprehensive loss of HK$136.2 million for the six months ended 30 June 2014 (2013: HK$136.4 million). It was mainly attributable to fair value loss of HK$135.0 million on available-for-sale investments of the Group for the period (2013: HK$130.2 million).

Net Asset Value

The unaudited consolidated net asset value of the Group as at 30 June 2014 was HK$2,482.5 million, representing a decrease of HK$10.0 million from the end of last financial year. It was mainly attributable to a significant fair value loss of available-for-sale investments for the period as reported in the Consolidated Statement of Comprehensive Income. The unaudited consolidated net asset value per share as at 30 June 2014 was HK$0.267.

Capital Structure

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

The Group persistently 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 30 June 2014, the Group's cash, bank balances and time deposits (excluding pledged time deposits) was HK$40.7 million. The cash and cash equivalents together with the listed equity investments in aggregate were HK$273.4 million. The current ratio of the Group increased to 1.3.

The bank and other borrowings of the Group as at 30 June 2014 were HK$249.0 million which were interest-bearing and denominated in Hong Kong dollars.

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

	HK$
Due within one year or on demand	205,000,000
Due more than one year but not exceeding two years	14,000,000
Due more than two years but not exceeding five years	30,000,000
Total	249,000,000

As at 30 June 2014, the Group had unutilized short-term banking facilities of approximately HK$25.0 million.

Gearing Ratio

As at 30 June 2014, the gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was 8.7%. Net debt includes interest-bearing bank and other borrowings, other payables and accruals, net of cash and cash equivalents.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2014.

Exposure to Fluctuation in Exchange Rates and Related Hedges

The Group's major sources 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 3.7% of the Group's net asset value. Hence the Group's exposure to fluctuation in foreign exchange rates is minimal and the Group did not have any related hedging instruments.

Charge on Group Assets

As at 30 June 2014, the Group pledged its leasehold and investment properties with an aggregate carrying value of approximately HK$66.7 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 has held significant equity interests for long term in Y. T. Realty and C C Land Holdings Limited ("C C Land", the shares of which are listed on the main board of the Stock Exchange).

The Group held a substantial equity interest in Y. T. Realty as an associate with a carrying value of HK$1,978.5 million as at 30 June 2014. Detailed discussion of performance of Y. T. Realty contained in the section of Business Review.

The Group held a significant equity interest in C C Land as an available-for-sale investment with a fair value of HK$372.4 million. A fair value loss of HK$135.4 million was reported for the period as other comprehensive loss in the Consolidated Statement of Comprehensive Income. The Group received a dividend income of HK$11.7 million from C C Land for the period (2013: HK$11.7 million).

Save as disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the period under review. There was no plan authorized by the Board for other material investments or additions of capital assets as at the date of this announcement.

Changes since 31 December 2013

Save as discussed above, there were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the last published annual report.

OPERATIONAL REVIEW

Compliance with Corporate Governance Code

The Company is committed to achieving and maintaining high standards of corporate governance. Throughout the six months ended 30 June 2014, the Company complied with all code provisions of Corporate Governance Code as set out in Appendix 14 to the Listing Rules, 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 with Model Code

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

Following specific enquiry by the Company, all Directors confirmed that they had, throughout the six months ended 30 June 2014, complied with the required standards set out in Model Code and Securities Dealings 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 32 staffs working for the Group as at 30 June 2014. 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2014.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This 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 2014 Interim Report will be despatched to shareholders and made available on the above websites around 12 September 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 period.

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

Dated the 26th day of August 2014, Hong Kong SAR

* *For identification purpose only*