YUGANG

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00613)

2015 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 2015 together with the comparative figures (as restated) for the corresponding year in 2014 as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000* *(Restated)*
REVENUE	3	**34,957**	83,504
Other income and gains	3	**27,093**	164,080
Administrative expenses		**(81,073)**	(85,426)
Impairment of an available-for-sale investment		**-**	(24,740)
Finance costs	4	**(1,544)**	(6,492)
Share of profit of an associate		**182,428**	164,641
PROFIT BEFORE TAX	5	**161,861**	295,567
Income tax expense	6	**(32)**	(20)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**161,829**	295,547
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		**HK1.74 cents**	HK3.18 cents

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	**161,829**	295,547
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	**278,623**	(76,972)
Reclassification adjustment for an impairment loss included in the consolidated statement of profit or loss	**-**	24,740
Reclassification adjustment for a gain on disposal included in the consolidated statement of profit or loss	**-**	(80,555)
	278,623	(132,787)
Share of other comprehensive income of an associate	**24,268**	3,128
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**302,891**	(129,659)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**464,720**	165,888

Consolidated Statement of Financial Position
31 December 2015

	2015	2014
	HK$'000	*HK'000*
NON-CURRENT ASSETS		
Property and equipment	**32,678**	34,610
Investment properties	**45,500**	44,500
Investment in an associate	**2,258,714**	2,061,573
Loan receivable	**4,996**	6,000
Available-for-sale investment	**630,157**	351,534
Other assets	**360**	360
Total non-current assets	**2,972,405**	2,498,577
CURRENT ASSETS		
Listed equity investments at fair value through profit or loss	**72,440**	110,513
Loan receivables	**81,000**	1,000
Prepayments, deposits and other receivables	**3,458**	3,382
Pledged time deposits	**-**	9,487
Time deposits	**30,200**	77,700
Cash and bank balances	**8,611**	9,142
Total current assets	**195,709**	211,224
CURRENT LIABILITIES		
Other payables and accruals	**20,564**	20,769
Bank borrowings	**44,500**	12,000
Deferred income	**3,682**	-
Total current liabilities	**68,746**	32,769
NET CURRENT ASSETS	**126,963**	178,455
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,099,368**	2,677,032
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**292**	260
Bank borrowing	**22,500**	37,000
Total non-current liabilities	**22,792**	37,260
Net assets	**3,076,576**	2,639,772
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**93,053**	93,053
Reserves	**2,983,523**	2,546,719
Total equity	**3,076,576**	2,639,772

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 ("**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 2014, except that the Group has in the current year adopted, for the first time, the following revised standards issued by the HKICPA.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle	
Annual Improvements to HKFRSs 2011-2013 Cycle	

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the 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, earns dividend income from an available-for-sale investment and generates interest income from the provision of financing services.

(b) The property and infrastructure investment segment which consists of investment through Y. T. Realty Group Limited, an associate of the Group, in properties for rental income and/or 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 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 consolidated financial statements.

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

Year ended 31 December 2015

	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	**33,461**	**218,691**	**1,496**	**253,648**	**(218,691)**	**34,957**
Other income and gains	**26,091**	**138,743**	**1,002**	**165,836**	**(138,743)**	**27,093**
Total revenue and gains	**59,552**	**357,434**	**2,498**	**419,484**	**(357,434)**	**62,050**
Segment profit/(loss) for the year	**(12,057)**	**534,352**	**(2,376)**	**519,919**	**(351,924)**	**167,995**
Corporate and unallocated expenses, net						**(6,166)**
Profit for the year						**161,829**

	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	**-**	**182,428**	**-**	**-**	**182,428**
Investment in an associate	**-**	**2,258,714**	**-**	**-**	**2,258,714**
Capital expenditure	**-**	**-**	**-**	**135**	**135**
Depreciation	**-**	**-**	**8**	**2,058**	**2,066**
Interest revenue	**6,210**	**-**	**-**	**-**	**6,210**
Interest expense	**1,544**	**-**	**-**	**-**	**1,544**

Year ended 31 December 2014

	Treasury management HK$'000 (Restated)	Property and infrastructure investment HK$'000	Others HK$'000	Reportable segments total HK$'000 (Restated)	Adjustments (Note) HK$'000	Consolidated HK$'000 (Restated)
Segment revenue:						
Revenue	82,159	211,826	1,345	295,330	(211,826)	83,504
Other income and gains	122,581	155,638	41,499	319,718	(155,638)	164,080
Total revenue and gains	204,740	367,464	42,844	615,048	(367,464)	247,584
Segment profit for the year	101,432	482,253	37,836	621,521	(317,612)	303,909
Corporate and unallocated expenses, net						(8,362)
Profit for the year						295,547

	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	-	164,641	-	-	164,641
Investment in an associate	-	2,061,573	-	-	2,061,573
Capital expenditure	-	-	-	9	9
Depreciation	-	-	149	2,510	2,659
Gain on disposal of an available-for-sale investment	80,232	-	-	-	80,232
Gain on disposal of a subsidiary	-	-	34,595	-	34,595
Impairment of an available-for-sale investment	24,740	-	-	-	24,740
Interest revenue	459	-	-	-	459
Interest expense	6,492	-	-	-	6,492

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 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 and an available-for-sale investment, interest income from convertible notes and loan receivables, 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:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Gains on disposal of listed equity investments at fair value through profit or loss, net	**13,301**	59,591
Dividend income from listed equity investments at fair value through profit or loss	**930**	10,391
Dividend income from an available-for-sale investment	**13,020**	11,718
Interest income from convertible notes and loan receivables	**6,210**	459
Gross rental income	**1,496**	1,345
	34,957	83,504
Other income and gains		
Interest income on bank deposits	**24**	44
Fair value gains on listed equity investments at fair value through profit or loss, net	**26,067**	42,305
Fair value gains on investment properties	**1,000**	6,900
Gain on disposal of an available-for-sale investment	**-**	80,232
Gain on disposal of a subsidiary	**-**	34,595
Others	**2**	4
	27,093	164,080

4. Finance costs

	2015 *HK$'000*	2014 *HK$'000*
Interest on bank borrowings	**1,544**	4,797
Interest on other borrowing	**-**	1,695
	1,544	6,492

5. Profit before tax

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

	2015 *HK$'000*	2014 *HK$'000*
Depreciation	**2,066**	2,659

6. Income tax

	2015 *HK$'000*	2014 *HK$'000*
Deferred tax charge for the year	**32**	20

The share of tax attributable to an associate amounting to HK$9,549,000 (2014: HK$8,778,000) is included in "Share of profit of an associate" in the consolidated statement of profit or loss.

7. Dividend

	2015 *HK$'000*	2014 *HK$'000*
Proposed final dividend – HK$0.004 (2014: HK$0.003) per ordinary share	**37,221**	27,916

The Board recommended the payment of a final dividend of HK$0.004 per share for the year ended 31 December 2015 (2014: HK$0.003), subject to approval by the Company's shareholders at the annual general meeting to be held on 20 May 2016 (the **"AGM"**). No interim dividend was declared in respect of the current and prior years.

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

The calculation of the basic earnings per share amount 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 amount presented for the years ended 31 December 2015 and 2014 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

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

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**161,829**	295,547

	Number of shares	
	2015	2014
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

9. Comparative amounts

In prior years, the Group had included the dividend income from its available-for-sale investments in other income and gains. During the year, the dividend income was recorded as revenue. In the opinion of the directors, this change in the classification of dividend income from available-for-sale investments results in a more appropriate presentation of the financial statements and provides more relevant information about the performance of the Group. Accordingly, comparative amounts have been restated to conform with the current year's presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

The Group recorded a consolidated net profit of HK$161.8 million attributable to shareholders for the year ended 31 December 2015, representing a decrease of HK$133.7 million or 45.2% from the last corresponding year. It was mainly attributable to a decrease in both the realized and unrealized gain on listed equity investments as compared to the last corresponding year, whilst exceptional gain of HK$80.2 million on disposal of an available-for-sale investment was recorded in the last corresponding year. No such exceptional disposal gain was recorded for the year.

The basic earnings per share for the year was HK1.74 cents, representing a decrease of HK1.44 cents from the last corresponding year.

BUSINESS REVIEW

2015 was overall a difficult year as global economic environment was weak and economy of Hong Kong slowed down markedly with feeble export, tourism and retail performance. During the year, the overall global demand remained sluggish due to subdued global economic recovery and slow economic growth of Mainland China. As the Mainland economy has been undergoing a period of rebalancing, the Mainland's economic momentum was decreasing throughout the year, together with weak commodity price, devaluation of RMB and a slump in A-shares. The economy of emerging and developing countries also faced intense downward pressure. In addition, the rising expectation of a U.S. interest rate hike led to a sharp and significant capital outflows from the emerging economies particularly Mainland China during the year. The global financial market therefore fluctuated vigorously especially in the second half of the year.

During the year, the growth of Hong Kong economy was hindered by several factors including economic slowdown of Mainland China and strong U.S. dollar. Notwithstanding the implementation of loosing monetary policy and expansionary fiscal policies throughout the year, the key economic indicators of China continued to slide down. In August, a sudden sharp depreciation of RMB fueled up market fear of further slowdown of China's economy which pressured the financial markets of China and Hong Kong. On the other hand, the implication of strong U.S. dollar has debilitated Hong Kong's external competitiveness. In spite of this, Hong Kong economy was still supported by strong domestic consumption as the employment market remained steady with low unemployment rate of around 3.3% and employment income continued to grow in real terms during the year.

Property and Infrastructure Investment Business

Property Investment Business

The Group carries on its property investment business through Y. T. Realty Group Limited ("**Y. T. Realty**"), an associate of the Group and the shares of which are traded on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal investment properties held by Y. T. Realty include the whole block of Century Square and Prestige Tower (collectively the "**Investment Properties**"), both are situated in the core districts of Central and Tsimshatsui respectively.

The gross rental income of Y. T. Realty for the year was HK$210.0 million, representing an increase of HK$7.4 million or 3.6% over the last corresponding year. During the year, the leasing demand for office and retail space in prime location was moderately affected as the local economy slid down due to the subdued global demand and slowdown of China economy. However, benefited by low unemployment rate, robust local consumption, fashion and beauty façade of the Investment Properties, as well as extra effort focusing on tenant retention policy, Y. T. Realty was capable of attracting and retaining famous brands at favorable rent. Therefore, Y. T. Realty could still maintain a stable rental income with nearly full occupancy rate at the end of the year.

As at the end of the year, the fair value of Investment Properties, being revalued by an independent professional valuer, recorded an increase of HK$137.1 million over the last corresponding year (2014: HK$152.8 million). The net profit after tax of Y. T. Realty was HK$534.4 million for the year, representing an increase of HK$52.1 million or 10.8% from the last corresponding year.

On 17 December 2015, Y. T. Realty announced the proposal for disposal of two companies holding the Investment Properties and a company engaging in property management services at cash consideration of HK$4,020.9 million; and also the acquisition of 50% interest of a company holding a London property (the "**London Property**") (collectively the "**Proposed Transactions**"). After the completion of the Proposed Transactions on 29 February 2016, Y. T. Realty no longer receives rental income from the Investment Properties but has 100% interest in the London Property which has generated a recurring rental income of approximately HK$18.0 million as from February to October, 2015. Details of the Proposed Transactions and the proforma financial effect to Y. T. Realty are contained in the circular which was published and dispatched to shareholders on 29 January 2016.

Infrastructure Investment Business

The infrastructure business of the Group comprises investments in tunnels, transports and logistic operations which has been carried 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 stable stream of toll income.

During the year, the toll revenue of tunnel operations continued to grow due to a favorable increase in daily throughput of the western harbor tunnel and Tate's Cairn tunnel. The toll demand of tunnel operations remained robust despite the economy of Hong Kong slowed down in the second half of the year. It was mainly attributable to the low unemployment rate and robust private consumption throughout the year which had strongly supported the growth of the average daily throughput of the tunnel operations.

The net profit after tax and non-controlling interests of Cross-Harbour for the year was HK$619.8 million, representing an increase of HK$147.6 million or 31.3% from the last corresponding year. It was mainly attributable to an increased contribution from tunnel operations and a significant improvement in the performance of its treasury investment due to a fair value gain on securities investment for the year as compared to fair value loss recorded in the last corresponding year.

Treasury Management Business

The stock market of Hong Kong fluctuated vigorously during the year under review. Following the Mainland's buoyant performance of A-shares in second quarter, the local stock market soared sharply with Hang Seng Index up to the year-high of 28,500 points, as well as daily turnover of over HK$200.0 billion. However, owing to the financial crisis of Mainland stock market in third quarter, the stock market of Hong Kong declined sharply with Hang Seng Index slumping to the year-low of 20,400 points. In addition, the performance of local stock market was further hindered by the concern over global economic slowdown and an interest rate hike by the U.S. Federal Reserve.

The overall performance of the Group's treasury management business for the year was satisfactory when compared against the stock market. The Group disposed of certain listed equity investments to realize a net gain of HK$13.3 million during the bull sentiment in the first half of the year. Notwithstanding the financial crisis in third quarter, the stock market rebounded drastically in the fourth quarter. As certain listed equity investments in the Group's investment portfolio had overall outperformed the market with lesser downward adjustment than the market index, there was overall an unrealized fair value gain of HK$26.1 million on the listed equity investments for the full financial year (2014: HK$42.3 million).

OUTLOOK AND STRATEGY

Looking ahead into 2016, the Group is cautious about the economic development of Hong Kong with increasing downward pressure on stock and property markets. Hong Kong economy is expected to be challenging in 2016 as the local property market will enter into consolidation with downward pressure. Uncertainty and volatility will continue to affect the overall economy on the local and global markets. Slackened economic growth, falling commodity prices and the recent volatile in global financial and stock market have already weakened market confidence. A Federal Reserve interest rate hike will inevitably have negative impacts on the global economy and the asset markets.

In view of the sharp plunge of Hang Seng Index with an overall decrease of at least 3,000 points during January to February 2016, the investor's confidence has been adversely impacted by a bearish market sentiment. The Group's listed equity investments were unavoidably adversely affected. In addition, owing to the relatively small in size of the Group's listed equity investments which are only of HK$72.4 million as at 31 December 2015, it is expected that the Group's performance in listed equity investments for 2016 interim will be substantially reduced when compared against an aggregate of realized and unrealized gain of HK$102.8 million on listed equity investments as recorded in 2015 interim.

As discussed in the section headed "Property and Infrastructure Investment Business", due to disposal of the Investment Properties upon completion of the Proposed Transactions on 29 February 2016, it is expected that the revenue of HK$107.7 million which was attributable to the Investment Properties and the fair value gains of HK$115.1 million on the revaluation of Investment Properties for 2015 interim will not be recorded in the 2016 interim results of Y. T. Realty from March 2016 onwards. Therefore, the Group's share of profits of an associate for 2016 interim is expected to be largely reduced and as a result, the 2016 interim results of the Group is expected to be significantly decreased accordingly.

On the other hand, the board of directors of Y. T. Realty has announced on 28 January 2016 to declare a special cash dividend in the amount of HK$3.8 per share to shareholders whose names appear in the register of members at the close of business on 25 February 2016. The Group has therefore received a special cash dividend income of approximately HK$1,037.4 million on 4 March 2016. Such substantial dividend income will significantly strengthen the Group's financial position, and with such surplus working capital, the Group will strive to explore business expansion and development opportunities in the forthcoming years. Meanwhile, the Group will consider actively engaging in and expanding its money lending business, which is one of its core business providing steady interest income in previous years.

Nevertheless, the Group will maintain its long-sustained strategy to focus on strategic expansion and diversification of business which has been proved to be successful for the maintenance of long-term growth objective and thereby strengthen the contribution to the Group's net profit in long term. In addition, the Group will also strive to maintain a prudent approach in pursuing a long-term strategic growth that give the Group sound financial and management capabilities.

FINANCIAL REVIEW

Revenue

The revenue of the Group was HK$35.0 million for the year, representing a decrease of HK$48.5 million from the last corresponding year. It was mainly attributable to the gain of HK$13.3 million on disposal of listed equity investments for the year, representing a decrease of HK$46.3 million from the last corresponding year.

Other Comprehensive Income

The Group recorded other comprehensive income of HK$302.9 million for the year (2014: other comprehensive loss of HK$129.7 million). It was mainly attributable to a fair value gain of HK$278.6 million on available-for-sale investment of the Group for the year (2014: fair value loss of HK$132.8 million).

Net Asset Value

As at 31 December 2015, the consolidated net asset value of the Group was HK$3,076.6 million, representing an increase of 16.5% from the last corresponding year. The consolidated net asset value per share of the Group was HK$0.33. The Group's total assets and total liabilities were HK$3,168.1 million and HK$91.5 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 consistently 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

The Group's cash and cash equivalents, being mainly denominated in Hong Kong dollars, was HK$38.8 million as at 31 December 2015 (2014: HK$86.8 million). The cash and cash equivalents and the listed equity investments in aggregate were HK$111.2 million as at 31 December 2015 (2014: HK$197.3 million). Although lower cash and cash equivalents was recorded as compared to the last corresponding year, the liquidity of the Group still remained healthy with a current ratio of 2.8 as at 31 December 2015 (2014: 6.4).

As at 31 December 2015, the Group had bank borrowings of HK$67.0 million, of which a term loan of HK$37.0 million (2014: HK$49.0 million) was subject to a general term of repayable on demand clause after 31 January 2017 (2014: after 31 December 2015). All bank loans were interest-bearing at a variable rate based on Hong Kong Interbank Offered Rate and denominated in Hong Kong dollars.

The maturity profile of the Group's bank borrowings as at 31 December 2015 was set out as follows:

	HK$
Due within one year or on demand	44,500,000
Due more than one year but not exceeding two years	15,000,000
Due more than two years but not exceeding five years	7,500,000
Total	67,000,000

The Group had available short-term revolving banking facilities of approximately HK$150.0 million as at 31 December 2015 (2014: HK$180.0 million), of which HK$30.0 million was utilized as at 31 December 2015 (2014: Nil).

Exposure to Fluctuation in Exchange Rates and Related Hedges

As the Group's major source of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and U.S. dollars, since Hong Kong dollar is pegged to the U.S. dollar, the Group's exposure to fluctuations in foreign exchange rates was minimal and the Group did not have any related hedging instruments.

Gearing Ratio

As at 31 December 2015, the gearing ratio of the Group, measured by dividing the net debt to shareholders' equity, was 1.6% (2014: inapplicable as it became negative when cash and cash equivalents could entirely cover the total debt). Net debt was 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 2015.

Charges on Group Assets

As at 31 December 2015, the Group pledged its leasehold and investment properties with an aggregate carrying value of approximately HK$70.3 million as securities for general banking facilities granted to the Group (2014: HK$69.9 million).

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 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$630.1 million as at 31 December 2015 (2014: HK$351.5 million) and a fair value gain of HK$278.6 million was recorded in a reserve account and recognized as other comprehensive income in the Consolidated Statement of Comprehensive Income. The Group received final dividend income of HK$13.0 million (2014: HK$11.7 million) from C C Land during the year.

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$2,258.7 million as at 31 December 2015 (2014: HK$2,061.6 million). The net profit after tax of Y. T. Realty for the year was HK$534.4 million and the Group's share of profit of an associate was HK$182.4 million (2014: HK$164.6 million). Detailed discussion about the performance of Y. T. Realty is contained in the section of Business Review.

Save as disclosed above, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year under review. There was no present plan authorized by the Board 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 2015, 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 as its own code of conduct regarding securities transaction by Directors and relevant employees. Following specific enquiry by the Company, each Director confirmed that throughout the accounting period under review, they have complied with the required standards set out in the 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 such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered.

There are effectively 30 work forces serving for the Group as at 31 December 2015. 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.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young ("**EY**") to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by EY on this announcement.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the accounting principles and standards adopted by the Group, the internal control system and financial reporting matters of the Group. The annual results of the Group for the year ended 31 December 2015 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 has purchased, redeemed or sold any of the listed securities of the Company during the year ended 31 December 2015.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.004 per share for the year ended 31 December 2015 (2014: HK$0.003 per share) to holders of ordinary shares whose names appear on the register of members of the Company on 30 May 2016. No interim dividend was declared for the financial year of 2015 and 2014. Subject to shareholders' approval at the AGM, the proposed final dividend will be paid to shareholders on or about 7 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 26 May 2016 to Monday, 30 May 2016, both days inclusive, during which period no transfer of shares of the Company 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, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 25 May 2016.

ANNUAL GENERAL MEETING

The AGM will be held at 11:15 a.m. on Friday, 20 May 2016 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 15 April 2016.

PUBLICATION OF 2015 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 2015 Annual Report will be despatched to shareholders and made available on the above websites around 15 April 2016.

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
Yuen Wing Shing
Managing Director

Dated the 23rd day of March 2016, Hong Kong SAR

** For identification purpose only*