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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00613)

2017 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 2017 together with the comparative figures for the corresponding year in 2016 as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
REVENUE	3	**34,293**	30,114
Other income and gains	3	**137,228**	2,411
Administrative expenses		**(46,687)**	(91,484)
Other expenses	4	**-**	(35,438)
Finance costs	5	**(745)**	(1,146)
Share of profit of an associate		**18,696**	121,577
PROFIT BEFORE TAX		**142,785**	26,034
Income tax expense	6	**(15,280)**	(4,186)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**127,505**	21,848
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		**HK1.37 cents**	HK0.23 cents

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2017

	2017 *HK$'000*	2016 *HK$'000*
PROFIT FOR THE YEAR	**127,505**	21,848
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Changes in fair value of an available-for-sale investment	**(146,596)**	(41,663)
Share of other comprehensive income/(loss) of an associate	**38,289**	(65,489)
	(108,307)	(107,152)
Item that will not be reclassified subsequently to profit or loss:		
Surplus on property revaluation upon transfer from owner-occupied properties to investment properties	**-**	49,211
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(108,307)**	(57,941)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**19,198**	(36,093)

Consolidated Statement of Financial Position
31 December 2017

	2017	2016
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Equipment	**635**	934
Investment properties	**437,300**	125,600
Investment in an associate	**554,278**	497,293
Loan receivable	**2,996**	3,996
Available-for-sale investment	**505,498**	588,494
Prepayment and deposit	**4,028**	-
Other assets	**360**	360
Total non-current assets	**1,505,095**	1,216,677
CURRENT ASSETS		
Listed equity investments at fair value through profit or loss	**1,080,205**	996,865
Loan receivables	**173,000**	1,000
Prepayments, deposits and other receivables	**9,702**	4,281
Time deposits	**46,957**	553,119
Cash and bank balances	**16,238**	77,095
Total current assets	**1,326,102**	1,632,360
CURRENT LIABILITIES		
Other payables and accruals	**9,654**	30,642
Bank borrowing	**7,500**	15,000
Tax payable	**145**	-
Total current liabilities	**17,299**	45,642
NET CURRENT ASSETS	**1,308,803**	1,586,718
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,813,898**	2,803,395
NON-CURRENT LIABILITIES		
Other payables and accruals	**2,196**	-
Bank borrowing	**-**	7,500
Deferred tax liabilities	**19,698**	4,478
Total non-current liabilities	**21,894**	11,978
Net assets	**2,792,004**	2,791,417
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**93,053**	93,053
Reserves	**2,698,951**	2,698,364
Total equity	**2,792,004**	2,791,417

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, 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 2016, except that the Group has assessed and adopted, to the extent that is applicable to the Group, the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements. The amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has provided the information in the financial statements for the year ended 31 December 2017.

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 money lending activities.

(b) The property investment segment (formerly known as 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 capital appreciation potential. In November 2016, Y. T. Realty completed a distribution in specie of the shares in an associate of Y. T. Realty which holds two tunnels in Hong Kong generating toll revenue to its shareholders. Upon receipt of its portion of distribution, the Group ceased to engage in the infrastructure investment.

(c) The property leasing segment which consists of the leasing of properties directly owned by the Group for rental income and/or capital appreciation potential.

The management of the Company monitors the operating results of the Group's business units separately for the purpose of making decisions about resource 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 2017

	Treasury management *HK$'000*	Property investment *HK$'000*	Property leasing *HK$'000*	Reportable segments total *HK$'000*	Adjustments (Note) *HK$'000*	Consolidated *HK$'000*
Segment revenue:						
Revenue	**26,197**	**45,273**	**8,096**	**79,566**	**(45,273)**	**34,293**
Other income and gains	**107,192**	**18,641**	**30,036**	**155,869**	**(18,641)**	**137,228**
Total revenue and gains	**133,389**	**63,914**	**38,132**	**235,435**	**(63,914)**	**171,521**
Segment profit for the year	**83,895**	**54,764**	**31,245**	**169,904**	**(36,068)**	**133,836**
Corporate and unallocated expenses, net						**(6,331)**
Profit for the year						**127,505**

	Treasury management *HK$'000*	Property investment *HK$'000*	Property leasing *HK$'000*	Corporate and unallocated *HK$'000*	Consolidated *HK$'000*
Other segment information:					
Share of profit of an associate	**-**	**18,696**	**-**	**-**	**18,696**
Investment in an associate	**-**	**554,278**	**-**	**-**	**554,278**
Capital expenditure	**-**	**-**	**340**	**107**	**447**
Depreciation	**-**	**-**	**49**	**554**	**603**
Interest income	**7,194**	**-**	**-**	**-**	**7,194**
Interest expense	**745**	**-**	**-**	**-**	**745**

Year ended 31 December 2016

	Treasury management *HK$'000*	Property and infrastructure investment *HK$'000*	Property leasing *HK$'000*	Reportable segments total *HK$'000*	Adjustments (Note) *HK$'000*	Consolidated *HK$'000*
Segment revenue:						
Revenue	28,714	66,653	1,400	96,767	(66,653)	30,114
Other income and gains	1,311	138,473	1,100	140,884	(138,473)	2,411
Total revenue and gains	30,025	205,126	2,500	237,651	(205,126)	32,525
Segment profit/(loss) for the year	(88,121)	356,112	1,129	269,120	(234,535)	34,585
Corporate and unallocated expenses, net						(12,737)
Profit for the year						21,848

	Treasury management *HK$'000*	Property and infrastructure investment *HK$'000*	Property leasing *HK$'000*	Corporate and unallocated *HK$'000*	Consolidated *HK$'000*
Other segment information:					
Share of profit of an associate	-	121,577	-	-	121,577
Investment in an associate	-	497,293	-	-	497,293
Capital expenditure	-	-	-	16	16
Depreciation	-	-	8	1,963	1,971
Interest income	9,307	-	-	-	9,307
Interest expense	1,146	-	-	-	1,146

Note: The activities of the property investment segment (formerly known as property and infrastructure investment segment in the last corresponding year) 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 excluded 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 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 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:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Losses on disposal of listed equity investments at fair value through profit or loss, net	**(3,922)**	-
Dividend income from listed equity investments at fair value through profit or loss	**23,828**	6,396
Dividend income from an available-for-sale investment	**-**	14,322
Interest income from loan receivables	**6,291**	7,996
Gross rental income	**8,096**	1,400
	34,293	30,114
Other income and gains		
Interest income on bank deposits	**903**	1,311
Fair value gains on listed equity investments at fair value through profit or loss, net	**103,857**	-
Gain on disposal of rights to subscribe shares of an available-for-sale investment	**2,432**	-
Gain on disposal of items of equipment	**10**	-
Fair value gains on investment properties	**29,994**	1,100
Others	**32**	-
	137,228	2,411

4. Other expenses

	2017	2016
	HK$'000	*HK$'000*
Fair value losses on listed equity investments at fair value through profit or loss, net	**-**	35,438

5. Finance costs

	2017	2016
	HK$'000	*HK$'000*
Interest on bank borrowings	**745**	1,146

6. Income tax

	2017	2016
	HK$'000	*HK$'000*
Current:		
Charge for the year	**80**	-
Overprovision in prior years	**(20)**	-
	60	-
Deferred	**15,220**	4,186
Total tax charge for the year	**15,280**	4,186

The share of tax attributable to an associate amounting to HK$322,000 (2016: HK$3,511,000) is included in "Share of profit of an associate" in the consolidated statement of profit or loss.

7. Dividend

	2017	2016
	HK$'000	*HK$'000*
Proposed final dividend – HK$0.002 (2016: HK$0.002) per ordinary share	**18,611**	18,611

The Board recommended the payment of a final dividend of HK$0.002 (2016: HK$0.002) per share for the year ended 31 December 2017, subject to the approval by the shareholders of the Company (the **"Shareholders"**) at the annual general meeting to be held on 21 May 2018. No interim dividend was declared in respect of the current and the 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 amounts presented for the years ended 31 December 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**127,505**	21,848

	Number of shares	
	2017	2016
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

REVIEW OF RESULTS

The Group recorded a consolidated profit of HK$127.5 million attributable to Shareholders for the year ended 31 December 2017, representing a significant increase of HK$105.7 million or 485% over the last corresponding year. It was mainly attributable to an encouraging result of Treasury Management Business of the Group that recorded an unrealised fair value gain of HK$103.9 million on listed equity investments as compared to an unrealised fair value loss of HK$35.4 million on listed equity investments in the last corresponding year.

The basic earnings per share for the year was HK1.37 cents, whereas the basic earnings per share of HK0.23 cents was recorded for the last corresponding year.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of HK$0.002 per share for the year ended 31 December 2017 (2016: HK$0.002 per share) to holders of ordinary shares of the Company whose names appear on the register of members of the Company on 30 May 2018. No interim dividend was declared for the financial year of 2017 and 2016. Subject to Shareholders' approval at the forthcoming annual general meeting of the Company to be held on Monday, 21 May 2018 (the "**AGM**"), the proposed final dividend will be paid to Shareholders on or about 12 June 2018.

BUSINESS REVIEW

In 2017, the global economy maintained a fast growth as major economies including U.S.A. and European zone recorded a solid growth with positive momentum. Given the full employment condition and stable property market performance, the U.S. economy maintained a strong growth trend stimulating buoyant financial markets with continuing record-high of Dow Jones Index throughout the year.

The economy of Mainland China also recorded a relatively stable recovery with GDP growth at 6.8% for the year. The external trade of Mainland improved, its consumer spending and service sectors performed strongly for the year. More importantly, the supply-side structural reform successfully stabilized the economic growth of Mainland China during the year.

Hong Kong economy has expanded remarkably in 2017 with the fastest pace of growth of average real GDP since 2011. External trade of Hong Kong performed well amid synchronized recovery among major economies globally. Tourism and retail sectors recovered satisfactorily from the bottom in 2016. During the year, Hong Kong continued to maintain low unemployment rate, robust consumption and a buoyant property market. Investor confidence had been strengthened as a result of strong bullish sentiment of stock market with Hang Seng Index soared up to around 30,200 points during the year.

The Group recorded encouraging results for the year which was mainly attributable to the satisfactory performance of the Group's treasury management segment. In addition, the Group has reorganized its resources in expanding property leasing and money lending business, and ceasing its trading business as well as streamlining its operating and human resources capacity. As a result, the rental income from Property Leasing Business increased significantly and administrative expenses have been greatly reduced for the year.

Property Investment Business

The Group principally carries on its Property Investment Business through Y. T. Realty, the shares of which are traded on the main board of the Stock Exchange. Y. T. Realty mainly focuses on prime property investments in established overseas markets and indirectly holds 100% interest in a prime commercial property, 1 Chapel Place in London, United Kingdom ("**London Property**"); and all the issued units in Grove Property Unit Trust 4, a property unit trust, which owns a prime hotel property located at 1 Harrow Place and 11 White Kennett Street, London, United Kingdom ("**London Hotel**").

Both of London Property and London Hotel are located at the prime Central London business district and the leasing demands are stable and strong throughout the year. The rental income from London Property was equivalent to HK$22.5 million and the occupancy rate was 100% throughout the year. The London Hotel, trading as Travelodge London Liverpool Street, has been leased to Travelodge Hotels for a term of 35 years as from 26 April 2007 under an investment lease, and the rental income was equivalent to HK$22.5 million for the year.

During the year under review, the gross rental income of Y. T. Realty was approximately HK$45.3 million, representing a decrease of HK$19.6 million from the last corresponding year. As at the end of the year, the investment properties of Y. T. Realty (including London Property and London Hotel) were revalued to approximately HK$1,216.5 million by an independent professional valuer. Given the diminishing effect of Brexit and rebound of the British Pound, Y. T. Realty recorded a total fair value gain of approximately HK$15.9 million on the revaluation of investment properties for the year (2016: HK$55.3 million). The profit after tax of Y. T. Realty for the year was HK$54.8 million (2016: HK$356.1 million).

Property Leasing Business

The Group directly held various classes of properties in Hong Kong comprising residential, industrial and commercial buildings for generation of rental income under Property Leasing Business segment. The Group expanded its Property Leasing Business by acquiring two companies each holding a commercial property in Hong Kong at an aggregate consideration of approximately HK$280.7 million in May 2017. As a result, the enlarged portfolio of the Group's investment properties contributed to the significant growth of rental income for the year. The aggregate rental income from Property Leasing Business increased to HK$8.1 million for the year (2016: HK$1.4 million). The investment properties under Property Leasing Business segment of the Group were revalued to HK$437.3 million as at 31 December 2017 with a total fair value gain of HK$30.0 million for the year (2016: HK$1.1 million).

Treasury Management Business

During the year, the performance of Hong Kong stock market was strong and Hang Seng Index rose by almost 8,000 points regardless of continuing U.S. interest rate hike and orderly shrink of balance sheet of U.S. Federal Reserve. It was mainly attributable to continuous inflow of China investment funds through Shanghai and Shenzhen – Hong Kong Stock Connect throughout the year, and the ongoing record-high breaking of U.S. Dow Jones Index. The Group's treasury investment performed satisfactorily during the year, notwithstanding the stock market rally mainly concentrated on few major blue chip stocks.

The Group has persistently maintained a well-diversified portfolio of listed equity investments in different industries and sectors. The dividend income from the listed equity investments of the Group was HK$23.8 million for the year (2016: HK$6.4 million). The Group also recorded an unrealised fair value gain of HK$103.9 million on the listed equity investments for the year whereas a fair value loss of HK$35.4 million was recorded in the last corresponding year. However, the Group realised a loss of HK$3.9 million on disposal of a listed equity investment during the year (2016: no disposal of listed equity investment).

Owing to the strong performance in economy and stock market of Hong Kong, the Group expanded its money lending business during the year. The loan receivables as at 31 December 2017 were HK$176.0 million, representing a significant increase of HK$171.0 million from the last corresponding year. Subsequent to the end of the year, there was settlement of loan receivables of totaling HK$41.0 million.

OUTLOOK AND STRATEGY

Looking forward, the Group is cautiously optimistic towards Hong Kong economy for 2018 as the global economy continues its fast recovery pace. According to the latest World Economic Outlook published by the International Monetary Fund, the global economic growth is expected to accelerate in 2018. Moreover, the implementation of U.S. tax reform will boost corporate confidence and overall economic performance of U.S. in 2018, which in turn will stimulate the global economy. In addition, the Mainland economic growth is expected to maintain its stable and moderate pace in 2018 as the Central Economic Conference has reiterated that pursuing progress growth while maintaining stability will remain the overarching principle and the central government will pursue high quality growth, further promote supply-side structural reform and continue to adopt proactive fiscal policy throughout 2018.

Hong Kong economy is expected to benefit and perform well amid synchronized global recovery. The latest economic indicators demonstrated that external trade, tourism, employment, consumption and property markets all performed relatively well, supporting the growth momentum for 2018. However, it is worth noting cautiously that the U.S. interest rate may hike faster than expected, reflation may take place in faster pace and the U.S. Federal will continue to shrink its balance sheet in 2018, all of which may push up the U.S. bond yield and market interest rate sharply and therefore exert pressure on asset market of Hong Kong. Together with the possible tariff levy on various imported merchandises by U.S. government and the geopolitical uncertainties such as the North Korea crisis, the global economic performance and financial markets may further be negatively affected.

The corporate strategy of the Group focuses on enhancing and maintaining a solid foundation for the Group's profit by increasing its exposure in investment properties for recurring and stable rental income with reasonable return, and expanding its money lending business to earn interest income for future growth. The Group also maintains its long-sustained strategy of focusing on strategic expansion and diversification of business for long-term growth. In addition, the Group aims to strike a balance between maintaining a sound financial and management capabilities and enhancing Shareholder's return.

FINANCIAL REVIEW

Revenue

The revenue of the Group was HK$34.3 million for the year, representing an increase of HK$4.2 million from the last corresponding year. During the year, the rental income from investment properties of the Group increased by HK$6.7 million.

Other Comprehensive Income

The Group recorded other comprehensive loss of HK$108.3 million for the year (2016: HK$57.9 million). It was mainly attributable to a fair value loss of HK$146.6 million (2016: HK$41.7 million) on an available-for-sale investment of the Group and share of other comprehensive income of an associate for HK$38.3 million (2016: share of other comprehensive loss of HK$65.5 million).

Net Asset Value

As at 31 December 2017, the consolidated net asset value of the Group was HK$2,792.0 million (2016: HK$2,791.4 million). The consolidated net asset value per share of the Group was HK$0.30 (2016: HK$0.30). The Group's total assets and total liabilities were HK$2,831.2 million (2016: HK$2,849.0 million) and HK$39.2 million (2016: HK$57.6 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$63.2 million as at 31 December 2017 (2016: HK$630.2 million). The cash and cash equivalents and the listed equity investments in aggregate were HK$1,143.4 million as at 31 December 2017 (2016: HK$1,627.1 million). The liquidity of the Group was very strong with a current ratio of 76.7 as at 31 December 2017 (2016: 35.8).

The bank borrowing of the Group as at 31 December 2017 was HK$7.5 million (2016: HK$22.5 million). The bank loan, being a term loan due and repayable within one year, was interest-bearing at a variable rate based on Hong Kong Interbank Offered Rate and denominated in Hong Kong dollars.

The Group had available short-term revolving banking facilities of approximately HK$150.0 million as at 31 December 2017 (2016: HK$150.0 million). None of them were utilized as at 31 December 2017 (2016: 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, the Group's exposure to fluctuation in foreign exchange rates was minimal due to the pegged exchange rate. The Group did not have any related hedging instruments.

Gearing Ratio

As at 31 December 2017, the gearing ratio of the Group, as measured by dividing the net debt to Shareholders' equity, was inapplicable as it became negative when cash and cash equivalents could entirely cover the total debt (2016: N/A). Net debt was calculated as bank borrowings plus 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 2017 (2016: Nil).

Charges on Group Assets

As at 31 December 2017, the Group pledged its investment properties with an aggregate carrying value of approximately HK$121.2 million as securities for general banking facilities granted to the Group (2016: HK$109.3 million).

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

The Group presently holds two significant investments which are investment in an associate and available-for-sale investment.

The Group held a substantial equity interest in Y. T. Realty which was classified as an investment in an associate and the carrying value of which was HK$554.3 million as at 31 December 2017 (2016: HK$497.3 million). The profit after tax of Y. T. Realty for the year was HK$54.8 million and the Group's share of profit of an associate was HK$18.7 million (2016: HK$121.6 million). Detailed discussion about the performance of Y. T. Realty for the year was contained in the section of Business Review.

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. The carrying value of investment in C C Land was stated at fair value of HK$505.5 million as at 31 December 2017 (2016: HK$588.5 million) and a fair value loss of HK$146.6 million was recorded in a reserve account and recognized as other comprehensive loss in the Consolidated Statement of Comprehensive Income. The Group did not receive any final dividend income (2016: HK$14.3 million) from C C Land during the year.

In addition, the Group maintained a diversified portfolio of listed equity investments at fair value through profit or loss with a carrying value of HK$1,080.2 million (2016: HK$996.9 million) as at 31 December 2017. The Group's portfolios in listed equity investments comprised of 19 listed companies including China Resources Pharmaceutical Group Limited (stock code: 03320) ("**China Resources Pharmaceutical**") and The Cross-Harbour Holdings Limited (stock code: 00032) ("**Cross Harbour**"), with a carrying value of approximately HK$253.0 million and HK$683.8 million respectively as at 31 December 2017 and accounted for approximately 23.4% and 63.3% of the aggregate carrying value of the portfolio respectively. The Group's investment in China Resources Pharmaceutical and Cross Habour recorded a fair value gain of HK$34.3 million (2016: fair value loss of HK$11.0 million) and HK$90.1 million (2016: HK$25.4 million) respectively for the year. In terms of future prospects of the Group's listed equity investments, their performance depends, to a large extent, on the corresponding performance of the relevant financial markets which is expected to be volatile in the first half of 2018.

The Group had made two material acquisitions of subsidiaries during the year. On 31 May 2017, the Group completed acquisitions of the entire issued share capital of each of Supreme Access International Limited and August Estate Limited, for an aggregate consideration of HK$280.7 million. The principal activities of the two companies are property investments in two floors of commercial properties in Hong Kong with an aggregate monthly rental of approximately HK$660,000 (exclusive of government rent, rates, management fees and other charges). It is expected that the acquisitions will further expand the Group's Property Leasing Business. Details of the transaction were contained in the Company's announcement dated 14 March 2017.

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 under review, 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 to 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.

Environmental, Social and Governance ("ESG") Performance

The Group is committed to achieving sustainable development and protection of the environment and engaging ESG considerations as an integral part of our business operations and investment. The Company's strategy in ESG management can be achieved by adopting eco-friendly management practices, making efficient use of resources, and promoting green awareness within the Company. The Group strives to promote awareness on environmental protection and optimizes efficient use of energy in daily operation by encouraging employees to recycle office suppliers, plus a series of measures to develop practices to promote energy-saving and emission reduction. The Company will further enhance ESG management by participating in community engagement and ensuring our business development will take into consideration the communities' interest. The Group has complied with all the applicable environmental laws and regulations that have a significant impact on the Group. Details of ESG practice of the Group are set out in 2017 annual report which are prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules, and will be available on the website of the Company (www.yugang.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk) in due course.

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.

The Group effectively has approximately 17 work forces serving the Group as at 31 December 2017. 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 2017 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 performed 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.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the accounting principles and standards adopted by the Group, the risk management and internal control systems and financial reporting matters of the Group. In addition, the consolidated financial statements of the Group for the year ended 31 December 2017 have 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 2017.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 21 May 2018 at Lounge, 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 and the designated issuer website of the Stock Exchange and dispatched to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 May 2018 to Monday, 21 May 2018, both days inclusive, during which period no transfer of shares will be registered for the purpose of determining Shareholders' entitlement to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 May 2018.

RECORD DATE FOR PROPOSED FINAL DIVIDEND

The record date for the purpose of determining Shareholders' entitlement to the proposed final dividend is Wednesday, 30 May 2018. The register of members of the Company will also be closed from Monday, 28 May 2018 to Wednesday, 30 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement of the proposed final dividend payable on Tuesday, 12 June 2018, 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 Friday, 25 May 2018.

PUBLICATION OF 2017 ANNUAL RESULTS AND ANNUAL 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 2017 annual report will be dispatched to Shareholders and made available on the above websites in due course.

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 2018, Hong Kong SAR

** For identification purpose only*