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YUGANG

YUGANG INTERNATIONAL LIMITED

(渝港國際有限公司)*

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

2016 INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) 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 2016, together with the unaudited comparative figures (as restated) for the corresponding period in 2015 as follows:

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (Restated)
REVENUE	3	24,593	27,496
Other income and gains	3	347	89,559
Administrative expenses		(33,361)	(34,554)
Other expenses	4	(49,181)	-
Finance costs	5	(717)	(804)
Share of profit of an associate		<u>57,567</u>	<u>107,287</u>
PROFIT/(LOSS) BEFORE TAX	6	(752)	188,984
Income tax credit/(expense)	7	<u>4</u>	(15)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>(748)</u>	<u>188,969</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		<u>HK(0.01) cent</u>	<u>HK2.03 cents</u>

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>(748)</u>	<u>188,969</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</i>		
Changes in fair value of an available-for-sale investment	(96,346)	140,614
Share of other comprehensive income/(loss) of an associate	<u>(32,070)</u>	<u>22,590</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>(128,416)</u>	<u>163,204</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	<u><u>(129,164)</u></u>	<u><u>352,173</u></u>

Consolidated Statement of Financial Position
30 June 2016

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
NON-CURRENT ASSETS		
Property and equipment	31,656	32,678
Investment properties	45,500	45,500
Investment in an associate	1,246,811	2,258,714
Loans receivable	3,996	4,996
Available-for-sale investment	533,811	630,157
Other assets	360	360
Total non-current assets	<u>1,862,134</u>	<u>2,972,405</u>
CURRENT ASSETS		
Listed equity investments at fair value through profit or loss	138,462	72,440
Loans receivables	51,000	81,000
Prepayments, deposits and other receivables	5,103	3,458
Time deposits	4,661	30,200
Cash and bank balances	886,750	8,611
Total current assets	<u>1,085,976</u>	<u>195,709</u>
CURRENT LIABILITIES		
Other payables and accruals	6,123	20,564
Bank borrowings	15,000	44,500
Deferred income	1,508	3,682
Total current liabilities	<u>22,631</u>	<u>68,746</u>
NET CURRENT ASSETS	<u>1,063,345</u>	<u>126,963</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,925,479</u>	<u>3,099,368</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	288	292
Bank borrowing	15,000	22,500
Total non-current liabilities	<u>15,288</u>	<u>22,792</u>
Net assets	<u>2,910,191</u>	<u>3,076,576</u>
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	93,053	93,053
Reserves	2,817,138	2,983,523
Total equity	<u>2,910,191</u>	<u>3,076,576</u>

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 2015, 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 and accounting principles generally accepted in Hong Kong, except for the adoption of the following new amendments to HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these revised HKFRSs has had no significant financial effect on the 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 in current accounting period.

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 unaudited interim condensed consolidated financial statements.

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

For the six months ended 30 June 2016

	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	23,845	46,118	748	70,711	(46,118)	24,593
Other income and gains	347	102,170	-	102,517	(102,170)	347
Total revenue and gains	<u>24,192</u>	<u>148,288</u>	<u>748</u>	<u>173,228</u>	<u>(148,288)</u>	<u>24,940</u>
Segment profit/(loss) for the period	<u>(51,804)</u>	<u>168,621</u>	<u>(1,985)</u>	<u>114,832</u>	<u>(111,054)</u>	3,778
Corporate and unallocated expenses, net						<u>(4,526)</u>
Loss for the period						<u>(748)</u>

For the six months ended 30 June 2015

	Treasury management (Unaudited) <i>HK\$'000</i> <i>(Restated)</i>	Property and infrastructure investment (Unaudited) <i>HK\$'000</i>	Others (Unaudited) <i>HK\$'000</i>	Reportable segments total (Unaudited) <i>HK\$'000</i> <i>(Restated)</i>	Adjustments (Note) (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i> <i>(Restated)</i>
Segment revenue:						
Revenue	26,748	107,728	748	135,224	(107,728)	27,496
Other income and gains	89,559	118,102	-	207,661	(118,102)	89,559
Total revenue and gains	<u>116,307</u>	<u>225,830</u>	<u>748</u>	<u>342,885</u>	<u>(225,830)</u>	<u>117,055</u>
Segment profit/(loss) for the period	<u>89,280</u>	<u>314,256</u>	<u>(1,883)</u>	<u>401,653</u>	<u>(206,969)</u>	194,684
Corporate and unallocated expenses, net						(5,715)
Profit for the period						<u>188,969</u>

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 period not attributable to the Group are adjusted to arrive at the Group's consolidated revenue and gains and consolidated profit/(loss) 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 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 loans receivables, 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	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>
Revenue		
Gains on disposal of listed equity investments		
at fair value through profit or loss, net	-	13,301
Dividend income from listed equity investments		
at fair value through profit or loss	3,160	105
Dividend income from an available-for-sale investment	14,322	13,020
Interest income from loans receivables	6,363	322
Gross rental income	748	748
	<u>24,593</u>	<u>27,496</u>

Six months ended 30 June 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (Restated)
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Other income and gains

Interest income on bank deposits	347	17
Fair value gains on listed equity investments at fair value through profit or loss, net	-	89,542
	<u>347</u>	<u>89,559</u>

4. Other expenses

Six months ended 30 June 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
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Fair value losses on listed equity investments at fair value through profit or loss, net	<u>49,181</u>	<u>-</u>
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5. Finance costs

Six months ended 30 June 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
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Interest on bank borrowings	<u>717</u>	<u>804</u>
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6. Profit/(loss) before tax

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

Six months ended 30 June 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
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Depreciation	<u>1,038</u>	<u>1,030</u>
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7. Income tax

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2016 as the Group has available tax losses brought forward from prior years to offset the assessable profits arising in Hong Kong during the period (2015: Nil).

Six months ended 30 June 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
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Deferred tax charge/(credit) for the period - Hong Kong	<u>(4)</u>	<u>15</u>
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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\$2,459,000 (2015: HK\$4,710,000) is included in "Share of profit of an associate" in the consolidated statement of profit or loss.

8. Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

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

The calculation of basic earnings/(loss) per share amount is based on the profit/(loss) 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/(loss) per share amount presented for the periods ended 30 June 2016 and 2015 as the Group has no potentially dilutive ordinary shares in issue during these periods.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Earnings/(loss)</u>		
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic and diluted earnings/(loss) per share calculations	<u>(748)</u>	<u>188,969</u>
	Number of shares	Number of shares
	Six months ended 30 June	Six months ended 30 June
	2016	2015
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculations	<u>9,305,276,756</u>	<u>9,305,276,756</u>

10. Comparative amounts

In prior periods, the Group had included the dividend income from its available-for-sale investments in other income and gains. In the Group's consolidated financial statements for the year ended 31 December 2015, 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 resulted in a more appropriate presentation of the financial statements and provided more relevant information about the performance of the Group. Accordingly, comparative amounts have been restated to conform to the current period's presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group reported a loss attributable to equity holders of HK\$0.7 million for the six months ended 30 June 2016, as compared with the profit attributable to shareholders of HK\$189.0 million for the corresponding period last year. The loss was mainly attributable to (i) an unrealized fair value loss of HK\$49.2 million on the revaluation of listed equity investment at fair value through profit or loss, as compared with an unrealized fair value gains of HK\$89.5 million for the corresponding period last year, mainly as a result of the turbulent equity market in Hong Kong during the period; and (ii) a decrease of approximately HK\$49.7 million in share of profit of an associate of the Company, Y. T. Realty Group Limited (“**Y. T. Realty**”), following completion of disposal of its investment properties in Hong Kong on 29 February 2016, details of disposal were contained in its announcements dated 17 December 2015 and 29 February 2016, and circular dated 29 January 2016.

Basic loss per share for the six months ended 30 June 2016 was HK0.01 cent, whereas basic earnings per share of HK2.03 cents were recorded for the corresponding period last year.

BUSINESS REVIEW

During the first half of 2016, Hong Kong economy was affected by the global economic uncertainties, sluggish trade performance, weakening tourist spending and volatile financial market. As such, the economic growth momentum of Hong Kong weakened with most major economic indicators pointed to a persistent downtrend including shrinkage of retail sales, slowdown of private consumption and contracting exports etc.

As the economic recovery in the developed economies such as Europe, U.S.A. and Japan was slow and sluggish for the period, the global trade demand continued to be restrained. In addition, the economy of China continued to be affected by the weak external environment and its own economic rebalancing policies including deleveraging, reduction of capacity, destocking and supply side reforms etc.

The financial market in Hong Kong was volatile and turbulent in the first half of 2016 and had been continuously affected by various uncertainties such as market expectation of U.S. interest rate hike, Brexit referendum, the plunge of A shares of PRC after the launch of Circuit Breaker, low commodity prices, capital outflows from China and devaluation of Renminbi etc. Market sentiments were mostly bearish and the risk appetite and tolerance of investors became low during the period. Asset prices were therefore under pressure in a slackening market condition. The Group’s treasury management business was therefore unavoidably affected to record a negative return on the listed equity investments.

Property and Infrastructure Investment Business

Property Investment Business

The Group's property investment business is principally carried on through an associate, Y. T. Realty, the shares of which are traded on the main board of the Stock Exchange. On 29 February 2016, Y. T. Realty announced the completion of disposal of the investment properties in Hong Kong and the acquisition of the remaining 50% interest in a joint venture, the sole asset of which was an investment property in London. Since then, Y. T. Realty indirectly holds 100% interests in an investment property named One Chapel Place which is situated at 5, 6 and 7 Vere Street and 10 Chapel Place, London (the "**Investment Property**").

The Investment Property, which is located in the prime central London business location and the leasing demand for office and retail is generally stable and strong, has therefore maintained a high occupancy and rental rate throughout the period. However, following the confirmation of Brexit which exacerbated investors' worries about the U. K. economy downturn, the commercial property market in London was immediately impacted with a slight downward pressure. As a result, Y. T. Realty recorded a fair value loss of equivalent to HK\$5.9 million on revaluation of the Investment Properties as at the end of the reporting period, as compared with a fair value gain of HK\$115.1 million on the revaluation of investment properties in Hong Kong in the corresponding period last year.

The gross rental income of Y. T. Realty for the six months ended 30 June 2016 decreased to HK\$44.4 million as compared to HK\$102.8 million in the corresponding period last year. The profit attributable to equity holders of Y. T. Realty for the period was HK\$168.6 million, representing a decrease of HK\$145.7 million from the corresponding period last year. The Group's share of profit of Y. T. Realty for the period was HK\$57.6 million. (2015: HK\$107.3 million)

Infrastructure Investment Business

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

The GDP growth of Hong Kong slowed down in the first half of 2016. However, the local private consumption expenditure still grew moderately as the low unemployment rate and moderate increase in wages and income provided support to the domestic consumption. Therefore, the transport and tunnel operations of Cross-Harbour remained to grow steadily for the period with an overall slight increase in daily traffic throughput as compared to the corresponding period last year.

The profit after tax and non-controlling interests of Cross-Harbour for the period was HK\$123.1 million, representing a decrease of HK\$192.1 million or 60.9% from the corresponding period last year. It was mainly attributable to a fair value loss of HK\$138.2 million on the listed equity investments held for trading and an impairment loss of HK\$56.6 million on the available-for-sale equity investments as a result of the volatile and turbulent equity market in Hong Kong during the period.

Treasury Management Business

During the period under review, Hong Kong stock market fluctuated vigorously with Hang Seng Index down to the lowest of 18,278 points in February 2016. On one hand, the implementation of China's Circuit Breaker in early January crashed the A shares market which in turn caused panic across the global financial markets. On the other hand, a bearish outlook of Renminbi together with continuous capital outflow from China weakened the market confidence and the volatility and vulnerability of financial market was further aggravated by the uncertainties of Brexit.

The Group therefore recorded a loss in treasury management segment for the period as a result of an unrealized fair value loss of HK\$49.2 million on listed equity investments, as compared with an unrealized fair value gain of HK\$89.5 million in the last corresponding period. No realized gain on disposal of listed equity investments was reported for the period whereas a gain of HK\$13.3 million on disposal of listed equity investments was recorded in the corresponding period last year.

The Group has actively engaged in money lending business as one of its core businesses, with surplus working capital during the period. As a result, an interest income of HK\$6.4 million was derived from the money lending business for the period, representing a significant increase of HK\$6.1 million from the corresponding period last year.

OUTLOOK

Looking forward, the Group holds a cautious view towards global economy and equity markets for the year of 2016. The impact of Brexit remains to be seen and the economy of China is still facing strong headwinds including economic uncertainties arising from policies of deleveraging, reduction of capacity and destocking with a view to promoting a healthy economic growth in the long term. Hong Kong economy is also undergoing downward pressure from the import and export trade, tourism and retail sectors. Although it is expected that the Federal Reserve of U.S. will keep interest rate low for an extended period following the Brexit, the Group remains conservative on the performance of its treasury management segment as the financial market may be vulnerable in the short term. Together with an expected decrease of rental income of Y. T. Realty following the completion of disposal of its investment properties in Hong Kong on 29 February 2016, the Group remains cautious about its overall performance in 2016.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 30 June 2016 was HK\$24.6 million, representing a decrease of HK\$2.9 million or 10.5% from the corresponding period last year. During the period, the Group did not dispose of any listed equity investments whereas a gain of HK\$13.3 million on disposal of listed equity investments was recorded in the corresponding period last year. Dividend income from listed equity investments increased by \$3.1 million as compared to the corresponding period last year. Interest income from the money lending business of the Group increased substantially to HK\$6.4 million (2015: HK\$0.3 million) as the Group has actively engaged in its money lending business during the period.

Other Comprehensive Income

The Group recorded other comprehensive loss of HK\$128.4 million for the six months ended 30 June 2016 (2015: other comprehensive income of HK\$163.2 million). It was mainly attributable to a fair value loss of HK\$96.3 million on an available-for-sale investment of the Group for the period (2015: fair value gain of HK\$140.6 million).

Net Asset Value

The unaudited consolidated net asset value of the Group as at 30 June 2016 was HK\$2,910.2 million, representing a decrease of HK\$166.4 million from the end of last financial year. The unaudited consolidated net asset value per share as at 30 June 2016 was HK\$0.313.

Capital Structure

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

The Group persistently adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

Liquidity and Financial Resources

As at 30 June 2016, the Group's cash and bank balances and time deposits were HK\$891.4 million whilst cash and cash equivalents and the listed equity investments in aggregate were HK\$1,029.9 million. The current ratio of the Group increased to 48.0 (31 December 2015: 2.8) which signified a strong and healthy financial position.

The bank borrowing of the Group as at 30 June 2016 was HK\$30.0 million. The bank loan, being a term loan repayable within five years and subject to a normal and general term of repayment on demand clause after 30 September 2017, was 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 borrowing as at 30 June 2016 was set out as follows:

	<u>HK\$</u>
Due within one year or on demand	15,000,000
Due more than one year but not exceeding two years	<u>15,000,000</u>
Total	<u><u>30,000,000</u></u>

As at 30 June 2016, the Group had unutilized short-term banking facilities of approximately HK\$150.0 million.

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, hence the Group's exposure to fluctuation in foreign exchange rates was minimal. The Group did not have any related hedging instruments.

Gearing Ratio

As at 30 June 2016, 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 (31 December 2015: 1.6%). Net debt includes 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 30 June 2016.

Charge on Group Assets

As at 30 June 2016, the Group pledged its leasehold and investment properties with an aggregate carrying value of approximately HK\$70.0 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 which was classified as an investment in an associate. The carrying value of the Group's investment in Y. T. Realty was HK\$1,246.8 million as at 30 June 2016, representing a significant decrease of HK\$1,011.9 million from the end of last financial year due to the distribution of a special dividend of HK\$1,037.4 million from Y. T. Realty during the period. The profit attributable to shareholders of Y. T. Realty for the period was HK\$168.6 million (2015: HK\$314.3 million) and the Group's share of profit of an associate was HK\$57.6 million (2015: HK\$107.3 million). Detailed discussion on the performance of Y. T. Realty is contained in the section headed 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\$533.8 million. A fair value loss of HK\$96.3 million was reported for the period as other comprehensive loss in the Consolidated Statement of Comprehensive Income and was taken to an investment revaluation reserve account of the Group. The Group received a dividend income of HK\$14.3 million from C C Land for the period (2015: HK\$13.0 million).

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

Review of Accounts

The audit committee of the Company has reviewed the 2016 Interim Report and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016. In addition, the audit committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

OPERATION REVIEW

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 level 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 working for the Group as at 30 June 2016. 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.

ADDITIONAL INFORMATION

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 2016, 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. All Directors have been serving the Company for long period of time and a clear understanding of terms and conditions of their appointment already exists between the Company and Directors. 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. In addition, the Company will continually review its corporate governance framework to ensure best corporate governance practices.

Compliance with 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 transactions by Directors and relevant employees. Following specific enquiry by the Company, each Director confirmed that throughout the six months ended 30 June 2016, they have complied with the required standards set out in the Model Code.

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 2016.

Publication of Interim Results Announcement and Interim Report

This 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 2016 Interim Report will be despatched to shareholders of the Company and made available on the above websites around 8 September 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 Group throughout the period.

By order of the Board
Yuen Wing Shing
Managing Director

Dated the 25th day of August 2016, Hong Kong SAR

** For identification purpose only*