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

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

2013 INTERIM RESULTS

The board (the "Board") of directors (the "Director(s)") of Yugang International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013, together with the unaudited comparative figures for the corresponding period in 2012 as follows:

Consolidated Income Statement
For the six months ended 30 June 2013

	Notes	Six months ended 30 June **2013** **(Unaudited)** ***HK$'000***	2012 (Unaudited) *HK$'000*
REVENUE	3	**1,677**	(3,299)
Other income and gains	3	**22,998**	35,443
Administrative expenses		**(36,033)**	(36,401)
Other expenses	4	**-**	(3,510)
Impairment of an available-for-sale investment		**(2,725)**	-
Finance costs	5	**(2,203)**	(1,473)
Share of results of an associate		**77,910**	86,269
PROFIT BEFORE TAX	6	**61,624**	77,029
Income tax	7	**(14)**	(13)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**61,610**	77,016
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		**HK0.66 cents**	HK0.83 cents

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**61,610**	77,016
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that will be reclassified subsequently to the income statement when specific conditions are met:		
Share of other comprehensive income/(loss) of an associate	**(6,231)**	6,233
Available-for-sale investments:		
Changes in fair value	**(132,923)**	105,457
Reclassification adjustment for an impairment loss included in the consolidated income statement	**2,725**	-
	(130,198)	105,457
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(136,429)**	111,690
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(74,819)**	188,706

Consolidated Statement of Financial Position
30 June 2013

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
NON-CURRENT ASSETS		
Property and equipment	**52,266**	52,693
Investment properties	**37,000**	35,000
Investment in an associate	**1,776,388**	1,714,264
Convertible notes receivable – loan portion	**8,928**	8,061
Loans receivable	**2,000**	3,000
Available-for-sale investments	**587,399**	720,322
Other assets	**360**	360
Total non-current assets	**2,464,341**	2,533,700
CURRENT ASSETS		
Listed equity investments at fair value through profit or loss	**182,545**	171,813
Embedded option derivatives	**51**	13
Loans receivable	**1,000**	1,000
Prepayments, deposits and other receivables	**14,457**	3,671
Pledged time deposits	**9,445**	9,426
Cash and bank balances	**7,102**	5,454
Total current assets	**214,600**	191,377
CURRENT LIABILITIES		
Other payables and accruals	**6,122**	22,453
Interest-bearing bank loans	**161,000**	170,000
Tax payable	**29,463**	29,463
Total current liabilities	**196,585**	221,916
NET CURRENT ASSETS/(LIABILITIES)	**18,015**	(30,539)
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,482,356**	2,503,161
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**222**	208
Interest-bearing bank loan	**54,000**	-
Total non-current liabilities	**54,222**	208
Net assets	**2,428,134**	2,502,953
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**93,053**	93,053
Reserves	**2,335,081**	2,409,900
Total equity	**2,428,134**	2,502,953

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 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except that the Group has in the current period applied, for the first time, the following new and revised HKFRSs:

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

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements. Nevertheless, certain changes in disclosures have been adopted by the Group in compliance with the following new and revised HKFRSs:

HKFRS 13 establishes a single source of guidance under HKFRSs for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRSs when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group. HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by HKAS 34.16A(j), thereby affecting the unaudited interim condensed consolidated financial statements.

The HKAS 1 Amendments introduce a grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

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

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

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

The management of the Company monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the unaudited interim condensed consolidated financial statements.

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

For the six months ended 30 June 2013

	Treasury investment (Unaudited) *HK$'000*	Property and infrastructure investment (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Reportable segments total (Unaudited) *HK$'000*	Adjustments (Note) (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue:						
Revenue	**1,677**	**99,823**	**-**	**101,500**	**(99,823)**	**1,677**
Other income and gains	**20,266**	**77,884**	**2,732**	**100,882**	**(77,884)**	**22,998**
Total revenue and gains	**21,943**	**177,707**	**2,732**	**202,382**	**(177,707)**	**24,675**
Segment profit/(loss) for the period	**(9,329)**	**228,206**	**2**	**218,879**	**(150,296)**	**68,583**
Corporate and unallocated expenses, net						**(6,973)**
Profit for the period						**61,610**

For the six months ended 30 June 2012

	Treasury investment (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	(3,299)	87,705	-	84,406	(87,705)	(3,299)
Other income and gains	31,131	112,567	4,312	148,010	(112,567)	35,443
Total revenue and gains	27,832	200,272	4,312	232,416	(200,272)	32,144
Segment profit/(loss) for the period	(3,835)	252,696	1,653	250,514	(166,427)	84,087
Corporate and unallocated expenses, net						(7,071)
Profit for the period						77,016

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 for the period.

The Group's revenue is set out in note 3 below.

The Group's revenue is derived solely from its operations in Hong Kong, and the non-current assets of the Group are substantially located in Hong Kong.

3. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the aggregate of the net gains or losses on disposal of listed equity investments at fair value through profit or loss, dividend income from listed equity investments at fair value through profit or loss, and interest income from convertible notes and loans receivable during the period.

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

	Six months ended 30 June	
	2013 (Unaudited) ***HK$'000***	2012 (Unaudited) *HK$'000*
Revenue		
Gains/(losses) on disposal of listed equity investments at fair value through profit or loss, net	**517**	(4,367)
Dividend income from listed equity investments at fair value through profit or loss	**214**	222
Interest income from convertible notes and loans receivable	**946**	846
	1,677	(3,299)

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income and gains		
Gross rental income	**597**	512
Interest income on bank deposits	**8**	25
Fair value gains, net:		
Listed equity investments at fair value through profit or loss	**8,502**	20,936
Embedded option derivatives	**38**	-
Dividend income from an available-for-sale investment	**11,718**	10,170
Fair value gains on investment properties	**2,000**	3,800
Gain on disposal of items of property and equipment	**135**	-
	22,998	35,443

4. Other expenses

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Fair value losses on embedded option derivatives, net	**-**	3,510

5. Finance costs

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans	**2,203**	1,473

6. Profit before tax

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

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**1,660**	1,457

7. Income tax

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

No provision for Hong Kong profits tax had been made for the six months ended 30 June 2012 as the Group did not generate any assessable profits arising in Hong Kong during that period.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Deferred tax charge for the period - Hong Kong	**14**	13

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

The share of tax attributable to an associate amounting to HK$4,308,000 (2012: HK$3,573,000) is included in "Share of results of an associate" on the face of the consolidated income statement.

8. Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

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

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

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2013 and 30 June 2012 as the Group has no potentially dilutive ordinary shares in issue during these periods.

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

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**61,610**	77,016

	Number of shares Six months ended 30 June	
	2013	2012
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	**9,305,276,756**	9,305,276,756

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a profit attributable to equity shareholders of HK$61.6 million for the six months ended 30 June 2013, representing a decrease of HK$15.4 million from the last corresponding period. It was mainly attributable to a decrease of unrealized fair value gain on securities investment and share of results of an associate for the period. During the period, the Group recorded an unrealized fair value gain on securities investment of HK$8.5 million, representing a decrease of HK$12.4 million from the last corresponding period. The Group's share of results of an associate was HK$77.9 million for the period, representing a decrease of HK$8.4 million from the last corresponding period.

Basic earnings per share for the six months ended 30 June 2013 was HK0.66 cents, whereas basic earnings per share of HK0.83 cents were recorded for the last corresponding period.

BUSINESS REVIEW

During the period under review, the global economy showed a path of gradual recovery. The U.S. property sector continued to recover which has brought to an accelerating momentum of U.S. economic growth. China's economy moved differently as new leaders of Mainland China shifted their focus to economic reforms with an attempt to resolve the government debt, shadow banking and other structural problems. However, it takes time for the economic reforms filtering through to the economy and bringing an impact on economic growth. Hence, the GDP growth of China was slowdown in the short term.

Hong Kong's economy grew moderately during the period because the export, retail and investments were all affected by the economic slowdown of Mainland China. Domestic consumption however remained robust and became the main growth driver of Hong Kong. Local investment was further dampened following the introduction of various new measures to cool down the property market by the Hong Kong government. The local financial market became volatile during the period as it was hit by various uncertainties including the possibilities of economic hard-landing of China, as well as worries of a halt in bond purchases program by the U.S. Federal Reserve.

Property Investment and Infrastructure Business

Property Investment Business

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

The leasing activities of Hong Kong were inevitably affected by the tightening policies of the government to cool down the property market during the first half of 2013. However, the demand for office or retail space in prime location was less affected due to low vacancy rate and strong demand from international brand retailers expanding in Hong Kong. The Mainland tourists' arrival remained a growth driver to support the rental for the period. With a beauty facade of the investment properties in prime location, Y. T. Realty was able to attract quality tenants with favorable rent and hence, maintain a reasonable rental yield of the properties during the period. The overall occupancy rate of the properties was maintained at over 98% for the period.

Rental income of Y. T. Realty for the six months ended 30 June 2013 amounted to HK$95.4 million, representing an increase of 15.3% from the last corresponding period. However, a fair value gain on revaluation of investment properties for the period was HK$77.1 million, representing a decrease of HK$34.4 million from the last corresponding period. It indicated that the growth of capital value of investment properties for the period was decelerated as compared to the last corresponding period. The net profit after tax of Y. T. Realty for the period was HK$228.2 million, representing a decrease of HK$24.5 million from the last corresponding period.

Infrastructure Business

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

Given domestic consumption remained strong and benefited by the moderate price adjustment, the overall toll income of tunnel operations for the period had recorded a moderate growth over the last corresponding period. However, the volatility of the local stock market affected the overall performance of treasury investment of Cross-Harbour for the period. The net profit after tax and non-controlling interests of Cross-Harbour for the period was HK$192.3 million, representing a decrease of HK$2.5 million or 1.3% from the last corresponding period.

Treasury Investment Business

During the period under review, the financial markets were volatile due to the U.S. Federal Reserve's pronouncement to taper bond purchases program at earlier stage and the slowdown of China's economy resulted from the absence of any stimulation policies to the economic reforms. In addition, the fear of liquidity crunch in China's interbank market brought about a slump in asset prices of financial market near the end of June. Contrasted to the closing of Hang Seng Index of 20,803 at the end of June which was a decrease of 8.2% from the end of last December, the Group's securities investment still recorded a satisfactory performance with a total realized disposal gain and unrealized fair value gain of HK$9.0 million for the period.

OUTLOOK

Looking forward, the Group is cautious about current year's performance.

As Y. T. Realty repositioned its investment properties portfolio to an up-market fashion hub in prior years, it has successfully attracted more famous brands or oversea retailers with favorable rent. The tenant base has been strengthened to provide a stable growth of rental income. Therefore, the Group expects that the office and retail demand for its investment properties can be sustained for current year, provided a growing number of Mainland tourists' arrival and strong domestic consumption being maintained.

In July, the central government of China pronounced a new directive measure to maintain bottom-line GDP. The market's anticipation of launching some policies by the central government to sustain the economic growth if GDP approaches the bottom line has led to a rebound in stock market. However, we are cautious about the stock market as many uncertainties still remain in the second half of 2013, including the absence of definite withdrawal timetable of U.S. quantitative easing monetary policy, remaining threat of European debt crisis to global economic recovery and potential impact of China's tightening policy. In addition, the Group is cautious about the operating performance for the current year as it is positively correlated with the performance of the stock market.

FINANCIAL REVIEW

Other Comprehensive Income

The Group recorded an other comprehensive loss of HK$136.4 million for the six months ended 30 June 2013 whereas an other comprehensive income of HK$111.7 million was recorded for the last corresponding period. It was mainly attributable to a fair value loss of HK$130.2 million on available-for-sale investment of the Group for the period whereas a fair value gain of HK$105.5 million on available-for-sale investment was recorded for the last corresponding period.

Net Asset Value

As at 30 June 2013, the unaudited consolidated net asset value of the Group was HK$2,428.1 million and the unaudited consolidated net asset value per share was HK$0.261.

Capital Structure

The Group's capital expenditure and investments were mainly funded from cash on hand, internal cash generation and bank borrowings.

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

Liquidity and Financial Resources

As at 30 June 2013, the Group's cash, bank balances and time deposits (excluding pledged time deposits) was HK$7.1 million. The above cash and cash equivalent and the listed securities investments in aggregate was HK$189.6 million. The current ratio of the Group stood at 1.1.

The bank borrowings of the Group as at 30 June 2013 were HK$215.0 million which comprised a term loan of HK$60.0 million repayable within five years and short-term revolving loans of HK$155.0 million. All bank loans were denominated in Hong Kong dollars.

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

	HK$
Due within one year	161,000,000
Due more than one year but not exceeding two years	10,000,000
Due more than two years but not exceeding five years	44,000,000
Total	215,000,000

As at 30 June 2013, the Group had total undrawn short-term banking facilities of approximately HK$45.0 million.

Gearing Ratio

As at 30 June 2013, the gearing ratio of the Group, as measured by dividing the net debt to shareholders' equity, was 8.8%. Net debt includes interest-bearing bank borrowings, other payables and accruals, net of cash and cash equivalents.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2013.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's major sources of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and U.S. dollars. The Group had certain securities investment denominated in foreign currencies which represented only 4.6% of the Group's net asset value. Hence the Group's exposure to fluctuations in foreign exchange rate is minimal and the Group did not have any related hedging instruments.

Charge on Group Assets

As at 30 June 2013, the Group pledged its leasehold and investment properties with an aggregate carrying value of approximately HK$77.1 million and time deposits of approximately HK$9.4 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 two significant investments held for long term.

The Group held a substantial equity interest in Y. T. Realty with a carrying value of HK$1,776.4 million as at 30 June 2013. The profit for the period attributable to equity holders of Y. T. Realty was HK$228.2 million whereas the Group's share of profits was HK$77.9 million.

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). As at 30 June 2013, the carrying value of C C Land was stated at fair value of HK$578.1 million, representing a fair value loss of HK$130.2 million for the period and was reported as other comprehensive loss in the Consolidated Statement of Comprehensive Income and taken to an investment revaluation reserve account of the Group. The Group earned a dividend income of HK$11.7 million from C C Land for the period.

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

Changes since 31 December 2012

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the last published annual report.

OPERATIONAL REVIEW

Corporate Governance

The Company is committed to achieving and maintaining high standards of 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 period of 1 January 2013 to 30 June 2013, except for deviation of code provision D.1.4 that the Company does not have formal letters of appointment for Directors setting out key terms and conditions of their appointment. The Company is of the view that the current arrangement is more appropriate and flexible, particularly in light of the current business activities and operational structure of the Company. Additionally, each Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years pursuant to bye-laws of the Company. The Board will review this arrangement in light of the evolving development of the Group's business activities.

Compliance with Model Code

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

Following specific enquiry by the Company, all Directors confirmed that they had, throughout the six months ended 30 June 2013, complied with the required standard set out in Model Code and Directors Securities Dealings Code.

Human Resources

The Group's remuneration policy is to ensure fair and competitive packages based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest levels as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors including economic situation and inflation. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment, duties and responsibilities undertaken, employment conditions elsewhere in the Group and salaries paid by comparable companies will all be considered.

The Group has 39 working staff. The Group's total remuneration costs amounted to HK$15.4 million for the six months ended 30 June 2013 (2012: HK$14.7 million). There has been no material change in respect of the human resources policy, training and development programs as set out in 2012 Annual Report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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 2013.

REVIEW OF ACCOUNTS

Disclosure of financial information in this announcement complies with Appendix 16 to the Listing Rules. The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2013.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Company at http://www.yugang.com.hk and the designated issuer website of the Stock Exchange at http://www.hkexnews.hk. The 2013 Interim Report will be despatched to shareholders and published on the above websites around 9 September 2013.

APPRECIATION

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to the 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 26th day of August 2013, Hong Kong SAR

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.

* *For identification purpose only*