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If you are in any doubt as to any aspects of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **YUGANG INTERNATIONAL LIMITED**, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

PROPOSALS FOR RE-ELECTION OF DIRECTORS, GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the AGM of Yugang International Limited to be held at 11:15 a.m. on Friday, 20 May, 2016 at Salon I & II, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out on pages 13 to 16 of this circular.

Whether or not you intend to attend the AGM, you are advised to read this circular and complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish.

** For identification purposes only.*

15 April 2016

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the meanings set out below:

“AGM” or “Annual General Meeting” or “Meeting”	the annual general meeting of the Company to be held at Salon I & II, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 11:15 a.m. on Friday, 20 May 2016, or, where the context so admits, any adjournment thereof;
“Board”	the board of Directors of the Company;
“Bye-Laws”	the bye-laws adopted by the Company from time to time;
“Company”	Yugang International Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00613);
“Director(s)”	the director(s) of the Company;
“Extension Mandate”	a general mandate proposed to be granted to Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate;
“Group”	the Company and its Subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to Directors to exercise all the powers of the Company to allot or issue up to a maximum of 20% of the total number of issued Shares as at the date of passing of the relevant resolution at the AGM (subject to adjustment in case of any Share consolidation or subdivision after the mandate has been approved, provided that the maximum number of Shares that may be issued under the Issue Mandate as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same);
“Latest Practicable Date”	12 April 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;

DEFINITIONS

“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Notice of AGM”	the notice for convening the AGM as set out on pages 13 to 16 of this circular;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to Directors to exercise all the powers of the Company to purchase Shares up to a maximum of 10% of the total number of issued Shares as at the date of passing of the relevant resolution at the AGM (subject to adjustment in case of any Share consolidation or subdivision after the mandate has been approved, provided that the maximum number of Shares that may be repurchased under the Repurchase Mandate as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same);
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Share Registrar”	the Company’s Hong Kong branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Shareholder(s)”	the holder(s) of Share(s);
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	any entity which falls within the meaning of the term “Subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs published by Securities and Futures Commission; and
“%”	per cent.

LETTER FROM THE BOARD

YUGANG

YUGANG INTERNATIONAL LIMITED

(渝港國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00613)

Executive Directors:

Cheung Chung Kiu (*Chairman*)

Yuen Wing Shing (*Managing Director*)

Zhang Qing Xin

Lam Hiu Lo

Liang Kang

Registered Office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Non-Executive Director:

Lee Ka Sze, Carmelo

Independent Non-Executive Directors:

Luk Yu King, James

Leung Yu Ming, Steven

Ng Kwok Fu

***Head Office and Principal Place
of Business in Hong Kong:***

Rooms 3301-3307

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

15 April 2016

Dear Shareholders,

ANNUAL GENERAL MEETING

On behalf of the Board, we invite you to attend the Company's AGM to be held at Salon I & II, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 11:15 a.m. on Friday, 20 May 2016. The Notice of AGM is set out on pages 13 to 16 of this circular.

The purpose of this circular is to provide you with information in connection with convening of the AGM and explanation with matters to be dealt with at the AGM.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you intend to attend the AGM, you are advised to read this circular and to complete the accompanying form of proxy and return the same to the Company's Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment if you so wish.

* For identification purposes only

LETTER FROM THE BOARD

BUSINESS OF THE MEETING

Resolution 1 — Receiving 2015 Financial Statements

The audited consolidated financial statements of the Group for the year ended 31 December 2015 together with the Reports of Directors and Auditors thereon, are set out in the 2015 Annual Report which was sent together with this circular to the Shareholders. The audited consolidated financial statements have been reviewed by the audit committee of the Company (“**Audit Committee**”).

Resolution 2 — Declaration of Final Dividend

The Board recommended to declare a final dividend of HK\$0.004 per Share for the year ended 31 December 2015. Subject to passing of the Resolution 2 at the AGM, the proposed final dividend will be paid on or about Tuesday, 7 June 2016 to Shareholders whose names appear on the Company’s register of members on 30 May 2016.

Resolution 3 — Re-election of Directors

Pursuant to Bye-Law 87 of the Bye-Laws, at each annual general meeting, not less than one-third of the Directors for the time being shall retire from office by rotation and, under the Corporate Governance Code, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. All retiring Directors shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Accordingly, Mr. Cheung Chung Kiu, Mr. Luk Yu King, James and Mr. Ng Kwok Fu will retire by rotation at the conclusion of the AGM, and being eligible, offer themselves for re-election at the AGM.

On 2 February 2016, the nomination committee of the Company (“**Nomination Committee**”) considered the current Board composition and resolved to nominate the re-election of Mr. Cheung Chung Kiu as executive Director, Mr. Luk Yu King, James and Mr. Ng Kwok Fu as Independent Non-executive Directors. The nominations were made in accordance with the Nomination Policy and the Board Diversity Policy of the Company. The Board acknowledged the nomination and resolved to recommend Mr. Cheung Chung Kiu, Mr. Luk Yu King, James and Mr. Ng Kwok Fu to stand for re-election by Shareholders at the AGM. As a good corporate governance practice, each retiring Director abstained from voting on the respective propositions of their individual recommendation in the Board meeting.

Mr. Ng has served as an independent non-executive Director for more than nine years and his re-election will be subject to a separate resolution to be approved by the Shareholders at the AGM. Mr. Ng has satisfied the independence criteria as set out in Rule 3.13 to the Listing Rules and there is no evidence that his tenure has had any impact on his independence. Mr. Ng continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice to the Company’s businesses and operations. The Board is therefore of the opinion that Mr. Ng has the required character, integrity, independence and experience to continue fulfilling his role

LETTER FROM THE BOARD

of an independent non-executive Director effectively and his knowledge and experience may continue to generate significant contribution to the Company and the Shareholders as a whole. The Board therefore recommended the re-election of Mr. Ng as an independent non-executive Director at the AGM.

Biographical details of Directors who are subject to re-election at the AGM are set out in Appendix I to this circular.

Resolution 4 — Re-appointment of Auditors

The Audit Committee has reviewed the audit process of the external auditors, Messrs. Ernst & Young and was satisfied with their independence and objectivity. The Audit Committee recommended, subject to Shareholders' approval at the AGM, the re-appointment of Messrs. Ernst & Young as external auditors of the Company for 2016; and authorised Directors to fix their remuneration.

Resolutions 5-7 — General Mandates to Issue and Repurchase Shares

An ordinary resolution (**Resolution 5**) will be proposed at the AGM to grant to Directors the Issue Mandate. The aggregate number of Shares allotted or agreed to be allotted under the Issue Mandate must not exceed 20% of the total number of issued Shares as at the date of passing of the relevant resolution at the AGM.

Based on the total number of 9,305,276,756 issued Shares as at the Latest Practicable Date, subject to passing of the Resolution 5 and on the basis that no further Shares will be allotted and issued or repurchased from the Latest Practicable Date up to the date of the AGM, exercise in full of the Issue Mandate will result in the Directors being authorised to issue, allot and deal with a maximum of 1,861,055,351 Shares (subject to adjustment in case of Share consolidation or subdivision after the passing of such resolution as prescribed under the Listing Rules). There is no present intention for any issuance of Shares pursuant to the Issue Mandate.

An ordinary resolution (**Resolution 6**) will be proposed at the AGM to give Directors the Repurchase Mandate. The total number of Shares which are authorized to purchase on the Stock Exchange may not exceed 10% of the total number of issued Shares as at the date of passing of the relevant resolution at the AGM.

Subject to passing of the Resolution 6 and on the basis that there were 9,305,276,756 issued Shares as at the Latest Practicable Date and no Shares will be issued or repurchased by the Company from the Latest Practicable Date up to the date of AGM, the Company will be allowed under the Repurchase Mandate to purchase a maximum of 930,527,675 Shares (subject to adjustment in case of Share consolidation or subdivision after the passing of such resolution as prescribed under the Listing Rules). There is no present intention for any purchase of Shares pursuant to the Repurchase Mandate.

The authority conferred on Directors by the Issue Mandate and the Repurchase Mandate would continue in force until the earlier of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-Laws to be held; and (iii) its revocation or variation by an ordinary resolution of the Shareholders in a general meeting.

LETTER FROM THE BOARD

An ordinary resolution (**Resolution 7**) will be proposed at the AGM to grant to Directors the Extension Mandate that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

The full text of the resolutions 5-7 is set out in the Notice of AGM. An Explanatory Statement containing all the information reasonably necessary to enable Shareholders to make an informed decision in relation to these proposed resolutions as required by Rule 10.06(1)(b) of the Listing Rules concerning the regulation of repurchases by companies of their own securities on the Stock Exchange is set out in Appendix II to this circular.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in the Notice of AGM will be decided by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matters to be voted on by a show of hands. On a poll, pursuant to Bye-Law 66 of the Bye-Laws, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. Shareholders present in person or by proxy or by authorized representative who are entitled to more than one vote do not have to vote all of their shares nor do they have to cast all of their votes in the same way.

After closing the poll, the Company's Share Registrar will count the votes and the poll results will be subject to scrutiny by an independent scrutineer.

The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

BOARD RECOMMENDATION

The Directors consider that the proposed resolutions as set out in the Notice of AGM including, among other things, the proposed resolutions in relation to the granting of the Issue Mandate and the Repurchase Mandate are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all resolutions at the AGM.

Yours faithfully,
On behalf of the Board
YUEN WING SHING
Managing Director

The biographical details of Directors proposed to be re-elected at the AGM are set out as follows:

CHEUNG CHUNG KIU

Cheung Chung Kiu, aged 51, was appointed the chairman and an executive Director in 1993. Mr. Cheung is the chairman and a member of the Nomination Committee, a member of the remuneration committee and an authorised representative of the Company. Mr. Cheung also serves as a director of several subsidiaries of the Company. In addition, Mr. Cheung is the director of Palin Holdings Limited, Chongqing Industrial Limited and Timmex Investment Limited, all are companies disclosed in the section headed “Interests of Substantial Shareholders” of the annual report. Mr. Cheung is the founder of the Company and set up Chongqing Industrial Limited in 1985. Mr. Cheung is also the chairman and managing director of Y. T. Realty Group Limited, and the chairman of The Cross-Harbour (Holdings) Limited and C C Land Holdings Limited, all are public companies listed on the Stock Exchange. Further, Mr. Cheung is the son of Mr. Zhang Qing Xin, a Director of the Company. Save as disclosed above, Mr. Cheung has not held any directorship in other public listed companies or any other position with the Company or any other members of the Group during the last three years.

As at the Latest Practicable Date, Mr. Cheung was interested in 4,099,709,740 Shares within the meaning of Part XV of the SFO. Save as disclosed herein, Mr. Cheung does not have any interests in the Shares within the meaning of Part XV of the SFO.

The emoluments of Mr. Cheung are recommended by the Remuneration Committee and determined by the Board with authorization from time to time given by Shareholders in general meeting according to the Remuneration Policy of the Company and by reference to his time commitment, duties and responsibilities undertaken, employment conditions elsewhere in the Group and salaries paid by comparable companies. Mr. Cheung’s emoluments for the year ended 31 December 2015 were HK\$10,228,000. Mr. Cheung has not entered into a service contract with the Company and has no fixed term of service but is subject to retirement by rotation and re-election once every three years pursuant to the Bye-Laws.

LUK YU KING, JAMES

Luk Yu King, James, aged 61, was appointed an independent non-executive Director in 2007. He is the chairman and a member of the Audit Committee. Mr. Luk graduated from The University of Hong Kong with a bachelor degree in Science. He is a fellow of The Association of Chartered Certified Accountants, an associate of The Hong Kong Institute of Certified Public Accountants and an ordinary member of Hong Kong Securities and Investment Institute. Mr. Luk has over ten years of experience in corporate finance, securities and commodities trading business with several international and local financial institutions. Mr. Luk is an independent non-executive director of Y. T. Realty Group Limited and The Cross-Harbour (Holdings) Limited, all are public companies listed on the Stock Exchange. Save as disclosed above, Mr. Luk has not held any directorship in other public listed companies or any other position with the Company or any other members of the Group during the last three years. As at the Latest Practicable Date, Mr. Luk was not interested in any Shares within the meaning of Part XV of the SFO.

On 2 February, 2016 and 23 March, 2016 respectively, the Nomination Committee and the Board has assessed and reviewed the annual confirmation of independence of Mr. Luk based on the criteria set out in Rule 3.13 of the Listing Rules, and affirmed that he has remained independent. In addition, the Board is satisfied that Mr. Luk has the required character, integrity, independence and experience to fulfill the role of an independent non-executive Director.

The emoluments of Mr. Luk are recommended by the Remuneration Committee and determined by the Board with authorization from time to time given by Shareholders in general meeting according to the Remuneration Policy of the Company and by reference to his time commitment, duties and responsibilities undertaken, employment conditions elsewhere in the Group and salaries paid by comparable companies. Mr. Luk's emoluments for the year ended 31 December 2015 were HK\$430,000. In accordance with the Bye-Laws, Mr. Luk shall retire as Director at the AGM and, being eligible, shall be re-elected for a term of not more than three years expiring at the conclusion of the annual general meeting of the Company to be held in the third year following the year of his appointment.

NG KWOK FU

Ng Kwok Fu, aged 44, was appointed an independent non-executive Director in 2004. Mr. Ng is a member of the Audit Committee, Remuneration Committee and Nomination Committee. Mr. Ng holds a certificate in accounting from Grant MacEwan Community College. Mr. Ng has over 26 years experience in marketing, trading and purchasing of construction materials and providing technical control, support and management in building projects. He is an independent non-executive director of Y. T. Realty Group Limited and The Cross-Harbour (Holdings) Limited, all are public companies listed on the Stock Exchange. Save as disclosed above, Mr. Ng has not held any directorship in other public listed companies or any other position with the Company or any other members of the Group during the last three years. As at the Latest Practicable Date, Mr. Ng was not interested in any Shares within the meaning of Part XV of the SFO.

Mr. Ng has served as an independent non-executive Director for more than nine years and his re-election will be subject to a separate resolution to be approved by the Shareholders at the AGM. On 2 February, 2016 and 23 March, 2016 respectively, the Nomination Committee and the Board has assessed and reviewed the annual confirmation of independence of Mr. Ng based on the criteria set out in Rule 3.13 of the Listing Rules and there is no evidence that his tenure has had any impact on his independence. Mr. Ng continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice to the Company's businesses and operations. The Nomination Committee and the Board is therefore of the opinion that Mr. Ng has the required character, integrity, independence and experience to continue fulfilling his role of an independent non-executive Director effectively and his knowledge and experience may continue to generate significant contribution to the Company and the Shareholders as a whole. The Board therefore recommended the re-election of Mr. Ng as an independent non-executive Director at the AGM.

The emoluments of Mr. Ng are recommended by the Remuneration Committee and determined by the Board with authorization from time to time given by Shareholders in general meeting according to the Remuneration Policy of the Company and by reference to his time commitment, duties and responsibilities undertaken, employment conditions elsewhere in the Group and salaries paid by comparable companies. Mr. Ng's emoluments for the year ended 31 December 2015 were HK\$220,000. In accordance with the Bye-Laws, Mr. Ng shall retire as Director at the AGM and, being eligible, shall be re-elected for a term of not more than three years expiring at the conclusion of the annual general meeting of the Company to be held in the third year following the year of his appointment.

OTHER INFORMATION

Save as disclosed herein, none of the above Directors to be re-elected have any relationship with any other Directors, senior management or substantial or controlling Shareholders, and there is no information which is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules, and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

This Appendix serves as an explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the resolutions authorising the proposed Repurchase Mandate.

THE LISTING RULES

The Listing Rules permit a company with a primary listing on the Stock Exchange to purchase its shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

- (a) the shares proposed to be purchased by the company are fully-paid up;
- (b) the company has previously sent to its shareholders an explanatory statement complying with the provisions of Rule 10.06(1)(b) of the Listing Rules; and
- (c) the shareholders have given a specific approval or a general mandate to the directors of the company to make the purchase, by way of an ordinary resolution which complies with Rule 10.06(1)(c) of the Listing Rules and which has been passed at a general meeting of the company duly convened and held.

SHARE CAPITAL

As at the Latest Practicable Date, the number of issued Shares of the Company was 9,305,276,756 fully-paid up Shares. Subject to the passing of the Resolution 6 approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased following the Latest Practicable Date and up to the date of the AGM, exercise in full of the Repurchase Mandate could accordingly result in up to 930,527,675 Shares being repurchased by the Company, representing 10% of the total number of issued Shares as at the Latest Practicable Date.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Company to purchase Shares in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or earnings per Share and will only be made when the Directors believe that such purchases will benefit the Company and its Shareholders as a whole.

FUNDING OF REPURCHASES

In repurchasing its Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-Laws and all the applicable laws of Bermuda. Under Bermuda law, purchases may only be effected out of the capital paid up on the purchased shares or out of funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for such purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the Company's share premium account.

Based on the position disclosed in the Company's most recent published audited accounts for the year ended 31 December 2015 and taking into account the current financial position of the Company, the Directors consider that there would be no material adverse effect on the financial and gearing position of the Company in the event that the Repurchase Mandate is to be exercised in full in the period before the Repurchase Mandate expires. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

EFFECT OF TAKEOVERS CODE

If, as a result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert, as a result of increase of its or their interests in the voting rights of the Company, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Assuming that no further Shares will be allotted and issued or repurchased from the Latest Practicable Date to the date of the AGM, on exercise in full of the Repurchase Mandate, the number of issued Shares will decrease from 9,305,276,756 to 8,374,749,081.

As at the Latest Practicable Date, the following persons held the following percentage of the Shares of the Company:

Name	Number of shares held	Percentage of issued share capital
Palin Holdings Limited (<i>Note 1</i>)	3,194,434,684	34.33%
Chongqing Industrial Limited (<i>Note 2</i>)	3,194,434,684	34.33%
Timmex Investment Limited (<i>Note 3</i>)	851,955,056	9.16%
Cheung Chung Kiu (<i>Note 4</i>)	4,099,709,740	44.06%

Notes:

- (1) Palin Holdings Limited is the trustee for Palin Discretionary Trust, a family discretionary trust, the objects include Mr. Cheung Chung Kiu and his family. The voting rights of these Shares are exercisable by Chongqing Industrial Limited.
- (2) The voting rights of these Shares are exercisable by Chongqing Industrial Limited which is controlled by Mr. Cheung Chung Kiu.
- (3) Timmex Investment Limited is 100% beneficially owned by Mr. Cheung Chung Kiu.
- (4) Out of 4,099,709,740 Shares, 3,194,434,684 Shares are held by Chongqing Industrial Limited, 851,955,056 Shares are held by Timmex Investment Limited and 53,320,000 Shares are held by Mr. Cheung Chung Kiu personally.

If, which is not presently contemplated, the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, the shareholding of Palin Holdings Limited, Chongqing Industrial Limited, Timmex Investment Limited and Mr. Cheung Chung Kiu in aggregate would be increased from 44.06% to 48.95% and such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent as would, in the circumstances, result in possible mandatory offer being made under the Takeovers Code, or result in the public float to fall below 25% or such other minimum percentage prescribed by the Listing Rules from time to time.

UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company conferred to them under the Repurchase Mandate in accordance with the Listing Rules and all the applicable laws of Bermuda.

To the best of Directors' knowledge and having made all reasonable enquiries, none of Directors or any of their close associates (as defined in the Listing Rules) have any present intention to sell Shares to the Company or its subsidiaries if the Repurchase Mandate is approved by the Shareholders.

No core connected person (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any of its Shares, whether on the Stock Exchange or otherwise, in the six months preceding the date of this circular.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during the previous twelve months prior to the Latest Practicable Date were as follows:

	Price per share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
April 2015	0.153	0.098
May 2015	0.160	0.130
June 2015	0.181	0.124
July 2015	0.137	0.086
August 2015	0.136	0.101
September 2015	0.128	0.108
October 2015	0.122	0.110
November 2015	0.120	0.108
December 2015	0.134	0.096
January 2016	0.141	0.105
February 2016	0.145	0.117
March 2016	0.164	0.133
April 2016 (up to the Latest Practicable Date)	0.154	0.139

NOTICE OF ANNUAL GENERAL MEETING

YUGANG

YUGANG INTERNATIONAL LIMITED

(渝港國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00613)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (“AGM”) of Yugang International Limited (the “Company”) will be held at 11:15 a.m. on Friday, 20 May 2016 at Salon I & II, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong to transact the following ordinary businesses:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015 together with the Reports of Directors and Auditors thereon.
2. To declare a final dividend for the year ended 31 December 2015.
- 3.a. To re-elect the following retiring directors of the Company (“Directors”);
 - (i) Mr. Cheung Chung Kiu as an executive Director;
 - (ii) Mr. Luk Yu King, James as an independent non-executive Director;
 - (iii) Mr. Ng Kwok Fu as an independent non-executive Director;
- 3.b. To authorise the board of Directors to fix the remuneration of Directors.
4. To re-appoint Messrs. Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration.

By way of special business, to consider, and if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

Resolution 5 — Issue Mandate

5. “THAT:
 - (a) subject to paragraph (b) of the Resolution 5, a general mandate (the “Issue Mandate”) be and is hereby unconditionally granted to Directors to exercise during the Relevant Period

* For identification purposes only

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(as hereinafter defined) all the powers of the Company to allot, issue and deal with additional shares of the Company (“**Shares**”) or securities convertible into Shares, and to make or grant offers, agreements, options which would or might require exercise of such powers either during or after the Relevant Period;

- (b) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the Issue Mandate, otherwise than pursuant to (i) Right Issue (as hereinafter defined); or (ii) the exercise of rights of subscription, conversion or exchange under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible or exchangeable into Shares; or (iii) the exercise of options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue of Shares or rights to acquire Shares; or (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company (“**Bye-Laws**”), shall not exceed twenty per cent (20%) of the total number of issued Shares as at the date of passing of the Resolution 5 (subject to adjustment in case of Share consolidation or sub-division after the mandate has been approved, provided that the maximum number of Shares that may be issued under the Issue Mandate as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same); and
- (c) for the purposes of the Resolution 5, “**Relevant Period**” means the period from the passing of the Resolution 5 until the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-Laws to be held; or
 - (iii) the date on which the authority set out in the Resolution 5 is revoked or varied by an ordinary resolution of the shareholders of the Company (“**Shareholders**”) in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”

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Resolution 6 — Repurchase Mandate

6. “**THAT**:

- (a) a general mandate (the “**Repurchase Mandate**”) be and is hereby unconditionally granted to Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to purchase Shares in accordance with all applicable laws and requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), subject to the following conditions:
 - i. such mandate shall not be extended beyond the Relevant Period (as hereinafter defined);
 - ii. such mandate shall authorize Directors to procure the Company to purchase Shares at such price as Directors may at their discretion determine;
 - iii. the total number of Shares to be purchased by the Company pursuant to the Resolution 6 during the Relevant Period shall not exceed ten percent (10%) of the total number of issued Shares as at the date of passing of the Resolution 6 (subject to adjustment in case of any Share consolidation or sub-division after the mandate has been approved, provided that the maximum number of Shares that may be repurchased under the Repurchase Mandate as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same); and
- (b) for the purpose of the Resolution 6, “**Relevant Period**” means the period from the passing of the Resolution 6 until the earlier of:
 - i. the conclusion of the next annual general meeting of the Company;
 - ii. the expiration of the period within which the next annual general meeting of the Company is required by law or Bye-Laws to be held; or
 - iii. the date on which the authority set out in the Resolution 6 is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”

Resolution 7 — Extension Mandate

7. “**THAT** subject to the availability of unissued share capital and conditional upon the passing of the Resolution 5 and Resolution 6, the total number of Shares which can be repurchased by the Company pursuant to and in accordance with Resolution 6 shall be added to the total number of Shares that may be allotted or agreed conditionally or unconditionally to be allotted by Directors pursuant to and in accordance with Resolution 5.”

On behalf of the Board
Yugang International Limited
Yuen Wing Shing
Managing Director

Hong Kong, 15 April 2016

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Notes:

1. To ascertain Shareholders' entitlement to the proposed final dividend upon the passing of the Resolution 2 set out in this notice, the register of members of the Company will be closed from Thursday, 26 May 2016 to Monday, 30 May 2016, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 25 May 2016.
2. A member who is a holder of two or more Shares, and who is entitled to attend and vote at the AGM is entitled to appoint one or more than one proxy or a duly authorised corporate representative to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the AGM and vote in person. In such event, his form of proxy will be deemed to have been revoked.
3. In order to be valid, the form of proxy, which will be enclosed with the circular of the Company, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the AGM or any adjournment thereof.
4. With regard to resolutions 3 and resolutions 5 to 7 set out in this notice, a circular giving details of re-election of Directors and granting of general mandates to issue and repurchase Shares will be despatched to Shareholders on 15 April 2016. The biographical details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix I to the circular.
5. With regard to resolution 5 above, the Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate to be granted under resolution 5 above.
6. As at the date of this circular, 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.