



**UURG Corporation Limited**

(continued in Bermuda with limited liability)

Stock Code : 8192

Building The

# Greensight

Interim Report 2009



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (“Directors”) of UURG Corporation Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## RESULTS

The board of directors (the “Board” or the “Directors”) of UURG Corporation Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2009, together with the comparative unaudited figures for the corresponding period in 2008 as follows:

### Unaudited Condensed Consolidated Statement of Comprehensive Income

	Note	Three months ended 30 June		Six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
<b>Revenue</b>	4	<b>625</b>	500	<b>1,801</b>	900
Other income	4	1	5	11	30
Depreciation		(18)	(11)	(36)	(22)
Materials and consumables used		(573)	–	(1,381)	–
Staff costs		(1,594)	(346)	(3,631)	(666)
Other operating expenses		(1,183)	(1,104)	(2,706)	(1,729)
<b>Loss from operations</b>		<b>(2,742)</b>	(956)	<b>(5,942)</b>	(1,487)
Finance costs		(64)	(58)	(126)	(117)
<b>Loss before income tax</b>	5	<b>(2,806)</b>	(1,014)	<b>(6,068)</b>	(1,604)
Income tax credit	6	11	–	21	–
<b>Loss for the period</b>		<b>(2,795)</b>	(1,014)	<b>(6,047)</b>	(1,604)
<b>Other comprehensive loss for the period</b>					
Translation difference		1	–	3	–
<b>Total comprehensive loss for the period</b>		<b>(2,794)</b>	(1,014)	<b>(6,044)</b>	(1,604)
<b>Loss attributable to equity holders of the Company</b>		<b>(2,795)</b>	(1,014)	<b>(6,047)</b>	(1,604)
<b>Total comprehensive loss attributable to equity holders of the Company</b>		<b>(2,794)</b>	(1,014)	<b>(6,044)</b>	(1,604)
<b>Loss per share in HK cents</b>	7				
– Basic (2008: restated)		(0.050)	(0.018)	(0.109)	(0.030)
– Diluted		N/A	N/A	N/A	N/A

**Unaudited Condensed Consolidated Statement of Financial Position**

	Note	<b>As at 30 June 2009 (Unaudited) HK\$'000</b>	As at 31 December 2008 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<u>162</u>	<u>193</u>
<b>Current assets</b>			
Inventories		75	–
Trade receivables	9	570	–
Other receivables, deposits and prepayments		762	860
Cash and cash equivalents		<u>12,036</u>	<u>17,495</u>
		<u>13,443</u>	<u>18,355</u>
<b>Current liabilities</b>			
Trade payables	10	548	38
Accruals and other payables		<u>1,255</u>	<u>769</u>
		<u>1,803</u>	<u>807</u>
<b>Net current assets</b>		<u>11,640</u>	<u>17,548</u>
<b>Total assets less current liabilities</b>		<u>11,802</u>	<u>17,741</u>
<b>Non-current liabilities</b>			
Convertible bonds	11	2,408	2,282
Deferred tax liabilities		<u>163</u>	<u>184</u>
		<u>2,571</u>	<u>2,466</u>
<b>Net assets</b>		<u>9,231</u>	<u>15,275</u>
<b>Equity</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital		2,784	2,784
Reserves		<u>6,447</u>	<u>12,491</u>
Total equity		<u>9,231</u>	<u>15,275</u>

### Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Special reserve (Unaudited) HK\$'000	Convertible bonds equity reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2008	2,134	1,030	-	11	1,383	-	(2,887)	1,671
Partial conversion of convertible bonds	600	-	-	-	(252)	-	-	348
Deferred tax on partial conversion of convertible bonds	-	-	-	-	44	-	-	44
Issue of new shares	50	-	20,257	-	-	-	-	20,307
Total comprehensive loss for the period	-	-	-	-	-	-	(1,604)	(1,604)
At 30 June 2008	<u>2,784</u>	<u>1,030</u>	<u>20,257</u>	<u>11</u>	<u>1,175</u>	<u>-</u>	<u>(4,491)</u>	<u>20,766</u>
At 1 January 2009	2,784	1,030	20,273	11	1,190	(3)	(10,010)	15,275
Total comprehensive loss for the period	-	-	-	-	-	3	(6,047)	(6,044)
At 30 June 2009	<u>2,784</u>	<u>1,030</u>	<u>20,273</u>	<u>11</u>	<u>1,190</u>	<u>-</u>	<u>(16,057)</u>	<u>9,231</u>

**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Cash flows from operating activities	<b>(5,468)</b>	(1,715)
Cash flows from investing activities	<b>6</b>	(22,450)
Cash flows from financing activities	<b>–</b>	20,307
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(5,462)</b>	(3,858)
Cash and cash equivalents at beginning of the period	<b>17,495</b>	4,858
Effect of foreign exchange rate changes	<b>3</b>	–
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b>12,036</b>	1,000
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>12,036</b>	1,000
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Condensed Consolidated Financial Statements

### 1. General Information

The Company is a limited liability company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 13th Floor, Max Share Centre, 367-373 King's Road, North Point, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the provision of information technology and engineering consultancy services.

### 2. Basis of Preparation

The Group's unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated results also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies adopted in preparing the unaudited condensed consolidated results for the six months ended 30 June 2009 and 2008 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008. The condensed consolidated results are unaudited but have been reviewed by the audit committee of the Company.

During the current period, the Group has applied, for the first time, the following new standards, amendment and interpretations issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's financial statements beginning on 1 January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 1 & HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation 9 & HKAS 39 (Amendment)	Reassessment of Embedded Derivatives
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate
Various HKAS	Annual Improvements to HKFRS 2008

The adoption of the new and amended HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

### 3. Segment Information

The Group's operation is regarded as a single business segment which is the provision of information technology and engineering consultancy services. Analysis of the Group's turnover and results as well as analysis of the carrying amount of segment assets and capital expenditure by geographical market have not been presented as the Group's turnover and results are substantially generated from the PRC, and the Group's assets and capital expenditure are situated in Hong Kong.

### 4. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of the amounts received and receivable from third parties in connection with the provision of information technology and engineering consultancy services. Revenue and other income recognised during the period are as follows:

	Three months ended 30 June		Six Months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
<b>Revenue</b>				
Service income	<u>625</u>	<u>500</u>	<u>1,801</u>	<u>900</u>
<b>Other revenue</b>				
Interest income	<u>1</u>	<u>5</u>	<u>11</u>	<u>30</u>

### 5. Loss before Income Tax

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

	Three months ended 30 June		Six Months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Directors' remuneration	146	174	413	347
Other staff costs	1,448	172	3,218	319
Depreciation	18	11	36	22
Operating lease rental in respect of land and building	576	62	1,149	107
Effective interest expense on convertible bonds	<u>64</u>	<u>58</u>	<u>126</u>	<u>117</u>



**6. Income Tax Expense**

No provision for income tax has been made as the Group had no assessable profits for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

	Three months ended 30 June		Six Months ended 30 June	
	2009	2008	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Deferred tax				
Reversal of deferred tax liabilities	11	–	21	–
<b>Total income tax credit</b>	<b>11</b>	<b>–</b>	<b>21</b>	<b>–</b>

**7. Loss Per Share**

The calculation of basic loss per share for the three months and six months ended 30 June 2009 is based on the unaudited net loss for the three months and six months ended 30 June 2009 of approximately HK\$2,795,000 and HK\$6,047,000 (three months and six months ended 30 June 2008: loss of approximately HK\$1,014,000 and HK\$1,604,000) and the weighted average of 5,568,000,000 ordinary shares (three and six months ended 30 June 2008: 5,541,626,374 and 5,276,618,222 ordinary shares) in issue during the period.

No diluted loss per share has been presented because the potential ordinary shares had anti-dilutive effect during these periods.

**8. Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

**9. Trade Receivables**

As at 30 June 2009, trade receivables were due within 30 days (31 December 2008: Nil).

**10. Trade Payables**

As at 30 June 2009, trade payables were due within 30 days (31 December 2008: 30 days).

**11. Convertible Bonds**

The convertible bonds recognized in the balance sheet are calculated as follows.

	<b>As at 30 June 2009 (Unaudited) HK\$'000</b>	As at 31 December 2008 (Audited) HK\$'000
Nominal value of convertible bonds	<b>4,000</b>	4,000
Equity components	<b>(1,676)</b>	(1,676)
	<hr/>	<hr/>
Liability component on initial recognition	<b>2,324</b>	2,324
Exercise of the convertible bonds	<b>(365)</b>	(365)
Accumulated interest expenses recognized	<b>449</b>	323
	<hr/>	<hr/>
Liability component	<b><u>2,408</u></b>	<u>2,282</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group is principally engaged in the provision of information technology and engineering consultancy services.

### **BUSINESS REVIEW AND PROSPECT**

During the period under review, the Group's turnover amounted to approximately HK\$1,801,000, representing an increase of approximately 100% compared with the last corresponding period of approximately HK\$900,000.

The Group's performance in the second quarter was lower than expectation which was attributable to the decrease in turnover resulted in the prolonged effect of the worldwide financial tsunami and the public health threat of Influenza A H1N1. Global investment in renewables has been delayed or even withdrawn as the financial crisis has stemmed the flow of capital. The fall in investment reflects a sharp drop in underlying activities and the fact that many deals are taking longer than usual to complete especially with the continued widespread of the new H1N1 viruses. Nevertheless, the Group has been pursuing every opportunity to bid for the infrastructural development projects in Beijing, Shanghai, Tianjin and Shanxi of the People's Republic of China (the "PRC") and has implemented further stringent cost control policies in managing its operation within the Group from this quarter onwards. With perseverance and concerted efforts, the Group will treat the threat of Influenza A H1N1 as an opportunity for increasing the awareness of the importance of natural ventilation solutions amongst the public; while our newly adopted cost control policies in reducing staff costs and operating expenses will help to improve the financial position of the Group.

The green building business has been taken off and running since last quarter. The Group has successfully secured a landmark project in the PRC in this quarter for providing natural and smoke ventilation solutions. Parkview Green is an iconic new landmark located in the heart of Beijing. It will offer 80,000sqm of international "A" grade office space, a luxurious boutique hotel, flexible conference and function facilities for international business, inspirational shopping from around the world, and secure parking for over 1,000 cars. Parkview Green is enclosed in a microclimatic envelope that not only protects the internal spaces from the elements but also creates an air chamber that stores thermal energy, enhances the flow of natural ventilation, and at the same time significantly reduces the building's energy footprint. The ventilation system enables both the interior and exterior structures of the building to maintain a comfortable temperature and optimize ambient conditions. Fittingly for the 21st century, consuming very little energy and with very little carbon emissions, the ventilation system demonstrates how buildings can be architecturally exciting while still being efficient, sustainable and providing the best value.

In respect of the recently approved HK\$450 million by the government of the Hong Kong Special Administrative Region (the "HKSAR") to building owners to conduct energy-and-carbon audits and carry out energy efficiency projects on buildings, the Group will actively continue to explore new opportunities and prospects in this area in the coming quarters and capitalizing on this emerging green building business sector. The Group will continue to be alert to costs and will manage its business prudently and cautiously in order to fortify itself against the expected continuing impacts of the global financial upheaval.

## **FINANCIAL REVIEW**

### **Results**

For the six months ended 30 June 2009, the Group's unaudited consolidated turnover and loss attributable to equity holders of the Company were approximately HK\$1,801,000 (2008: HK\$900,000) and HK\$6,047,000 (2008: HK\$1,604,000) respectively which were increased by approximately 100% and 277% respectively comparing with the corresponding period of last year. The increase in the loss was mainly attributable to the drop in consultancy fee income in information technology and engineering resulting from the prolonged effect of the financial tsunami for the quarter, and increase in operating costs such as staff and office establishment costs in order to cope with the business development both in Hong Kong and the PRC.

### **Liquidity, financial resources and capital structure**

As at 30 June 2009 the Group had assets of approximately HK\$13.6 million (31 December 2008: approximately HK\$18.5 million), including net cash and bank balances of approximately HK\$12 million (31 December 2008: approximately HK\$17.5 million). There was no charge on the Group's assets as at 30 June 2009 (31 December 2008: nil).

During the period under review, the Group financed its operations with internally generated cash flow. It is anticipated that the Group should have adequate resource to meet the requirement of its business activities and development with existing financial resources. There was no change in the capital structure of the Company for the six months ended 30 June 2009, and as at 30 June 2009, the liability component of the convertible bonds amounted to approximately HK\$2.4 million (31 December 2008: approximately HK\$2.3 million) which were convertible to a maximum of 6,800,000,000 ordinary shares.

## **Gearing**

The gearing ratio of the Group, defined as the ratio between total borrowings and shareholders' equity, was 0% for the six months ended 30 June 2009 (31 December 2008: 0%) since the Group did not have any bank borrowings nor any banking facilities.

## **Significant investments**

As at 30 June 2009, there was no significant investment held by the Group.

## **Material acquisitions or disposals of subsidiaries and affiliated companies**

There were no material acquisitions or disposal of subsidiaries and affiliated companies during the period under review.

## **Contingent liabilities**

As at 30 June 2009, the Group had no material contingent liabilities.

## **Foreign exchange exposure**

The Group's income and expenditure during the six months ended 30 June 2009 were denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2009 were denominated either in HK\$ or RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the period under review.

## **Treasury policies**

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## **Segment information**

The Group's operation is regarded as a single business segment which is the provision of information technology and engineering consultancy services. Analysis of the Group's turnover and results as well as analysis of the carrying amount of segment assets and capital expenditure by geographical market have not been presented as the Group's turnover and results are substantially generated from the PRC, and the Group's assets and capital expenditure are situated in Hong Kong.

## **Future plans for material investments**

The Group is looking for ways to further improve its existing business, and is also searching for business opportunities elsewhere, including the recently approved HK\$450 million by the government of the HKSAR to building owners to conduct energy-and-carbon audits and carry out energy efficiency projects on buildings, to improve the financial performance and the shareholders' returns. The Company will continue to utilize most of its resources for the development of its principal activities of information technology and engineering consultancy services in both the Hong Kong and PRC market to capitalize on this emerging green building business sector.

## **Employees and remuneration policies**

As at 30 June 2009, the Group had 27 (31 December 2008: 29) full-time employees, including Directors. Total staff costs (including Directors' emoluments) were approximately HK\$3,631,000 for the six months ended 30 June 2009 (30 June 2008: approximately HK\$666,000). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and social insurance to its employees in the PRC, and are paid at appropriate levels.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 June 2009, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") adopted by the Company.

## **DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

## **SHARE OPTION SCHEME**

As at 30 June 2009, a share option scheme was adopted and approved by the sole member of the Company on 26 October 2002 (the "Share Option Scheme"). No share option has been granted under the Share Option Scheme since its adoption.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2009, other than the interests of certain Directors and the chief executives of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, the interests or short positions of person in the shares and underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### **Long positions in shares and underlying shares of the Company**

<b>Name of Shareholder</b>	<b>Number of issued shares</b>	<b>Capacity in which shares are held</b>	<b>Percentage of issued share capital</b>
Almond Global Limited	8,320,000,000 <i>(Note 1)</i>	Beneficial Owner	149.43%
Marilyn Investments Limited	8,320,000,000 <i>(Note 1)</i>	Beneficial Owner	149.43%
The Offshore Group Holdings Ltd.	950,000,000 <i>(Note 2)</i>	Beneficial Owner	17.06%
Chan Chun Chuen	9,270,000,000 <i>(Note 3)</i>	Interest in controlled corporation	166.49%
Tam Miu Ching	9,270,000,000 <i>(Note 3)</i>	Family Interest	166.49%
Pong Wai San, Wilson	1,677,792,000 <i>(Note 4)</i>	Personal	30.13%
Tung Ching Yee, Helena	1,677,792,000 <i>(Note 4)</i>	Family Interest	30.13%



*Notes:*

- (1) Almond Global Limited is a limited liability company incorporated in the British Virgin Islands. The shares are held by Almond Global Limited. Marilyn Investments Limited owns 100% interest in Almond Global Limited. The 8,320,000,000 shares held by Almond Global Limited consist of a zero coupon convertible bonds of HK\$2,900,000 which can be converted into 5,800,000,000 shares of the Company during its conversion period of five years from 4 September 2007. According to Part XV of the SFO, Marilyn Investments Limited is deemed to be interested in the 8,320,000,000 shares held by Almond Global Limited.
- (2) The Offshore Group Holdings Ltd. is a limited liability company incorporated in the British Virgin Islands, which is 100% owned by Mr. Chan Chun Chuen.
- (3) Mr. Chan Chun Chuen owns 100% interest in Marilyn Investments Limited and The Offshore Group Holdings Ltd.. According to Part XV of the SFO, Mr. Chan Chun Chuen is deemed to be interested in the 8,320,000,000 shares held by Almond Global Limited through his controlled corporation Marilyn Investments Limited and the 950,000,000 shares held by The Offshore Group Holdings Ltd.. Ms. Tam Miu Ching is the wife of Mr. Chan Chun Chuen and accordingly deemed to be interested in the shares beneficially owned by Mr. Chan Chun Chuen in his own capacity and through his controlled corporations under the SFO.
- (4) The 1,677,792,000 shares held by Mr. Pong Wai San, Wilson consist of a zero coupon convertible bonds of HK\$500,000 which can be converted into 1,000,000,000 shares of the Company during its conversion period of five years from 4 September 2007. Ms. Tung Ching Yee, Helena is the wife of Mr. Pong Wai San, Wilson and accordingly deemed to be interested in the shares beneficially owned by Mr. Pong Wai San, Wilson in his own capacity under the SFO.

Save as disclosed above, as at 30 June 2009, the Directors were not aware of any other person (other than the directors and chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **CONNECTED TRANSACTION**

No contracts of significance to which the Company or its subsidiaries, was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the six months ended or at any time during the six months ended 30 June 2009.

## **COMPETING INTERESTS**

Each of the Directors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in companies or may compete with the business of the Group or any other conflict of interests with the interests of the Group.

## **CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the CG Code and complied with the code provisions set out in the CG Code for the six months ended 30 June 2009 except for the deviation from code provision A.2.1 regarding the separate roles of chairman and chief executive officer of the Company. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and which had been revised on 1 March 2008. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, and provide advice and comments on the Company’s draft annual reports and accounts, half year reports and quarterly reports to the Directors. As at the date of this report, the Audit Committee comprises three members, Mr. Yip Tai Him, Mr. Lung Hung Cheuk, and General Dato’ Seri Mohd Azumi bin Mohamed, all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Yip Tai Him. The Audit Committee has reviewed the Group’s unaudited quarterly results for the six months ended 30 June 2009.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the period ended 30 June 2009.

As at the date of this report, the Board comprises the following Directors:

*Executive Directors:*

Chan Chun Tin, Stanley  
Ying Kan Man

*Independent non-executive Directors:*

Yip Tai Him  
Lung Hung Cheuk  
General Dato' Seri Mohd Azumi bin Mohamed

By order of the Board  
**UURG Corporation Limited**  
**Chan Chun Tin, Stanley**  
*Chairman*

Hong Kong, 10 August 2009