



China Asean Resources Limited
神州東盟資源有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 8186)



Third Quarterly 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 other than 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 of the Stock Exchange 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 (the “Directors”) of China Asean Resources Limited collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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: (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 (UNAUDITED)

The board of directors (the “Board”) of China Asean Resources Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for each of the three months and nine months ended 30 September 2009, together with the comparative unaudited figures for the corresponding periods of 2008, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Revenue	2	30	12,869	1,024	30,717
Cost of sales		(825)	(7,335)	(1,118)	(17,593)
Gross profit/(loss)		(795)	5,534	(94)	13,124
Other income		6	108	43	1,014
Net effect of deconsolidation of a subsidiary	4	-	-	1,044	-
Selling and distribution expenses		(6)	(3,810)	(77)	(8,515)
Administrative expenses		(7,566)	(7,429)	(21,994)	(25,365)
Other operating expenses		(31)	(1,856)	(31)	(3,115)
Finance costs	5	(353)	(428)	(1,047)	(563)
Gain on disposal of forest exploitation rights	6	-	-	-	52,080
Profit/(loss) before tax		(8,745)	(7,881)	(22,156)	28,660
Taxation	7	-	(406)	-	(406)
Profit/(loss) for the period		(8,745)	(8,287)	(22,156)	28,254

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	2009	2008
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive income				
Exchange differences arising on translation of foreign operations	1	1,310	(3,281)	6,246
Other comprehensive income for the period	1	1,310	(3,281)	6,246
Total comprehensive income for the period	(8,744)	(6,977)	(25,437)	34,500
Profit/(loss) attributable to:				
Owners of the Company	(8,745)	(7,863)	(22,156)	28,204
Minority interests	-	(424)	-	50
	(8,745)	(8,287)	(22,156)	28,254
Total comprehensive income attributable to:				
Owners of the Company	(8,744)	(6,874)	(25,437)	33,984
Minority interests	-	(103)	-	516
	(8,744)	(6,977)	(25,437)	34,500
Basic and diluted earnings/(loss) per share (in Hong Kong cents)	8	(0.46)	(1.16)	1.60

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the GEM Rules) and with Hong Kong Accounting Standard 34 (HKAS 34), *Interim Financial Reporting*. However, this condensed consolidated financial statements does not contain sufficient information to constitute an interim financial report as defined in HKAS 34.

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

The Group has adopted a number of new and revised standards, amendments and interpretation ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2009.

Details and the effect upon the adoption of HKAS 1 Presentation of Financial Statements (Revised 2007) and HKFRS 8 Operating Segments have been described in the Group's half year interim report for the six months ended 30 June 2009. The adoption of these new and revised standards have had no material effect on the reported results or financial position of the Group.

2. REVENUE

Revenue recognised during the respective periods is analysed as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Research and development services fees	1	–	965	78
Sales of agriculture products	29	86	59	132
Medical equipment service fees and sales of related accessories	–	–	–	50
Sales of medical equipment	–	12,783	–	30,457
	30	12,869	1,024	30,717

3. SEGMENT INFORMATION

Business segments

The Group has adopted HKFRS 8 Operating Segments with effective from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about component of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the Group is currently organised into four operating divisions as follows:

- Medical services: provision of medical equipment for the treatment of cancer.
- Sales of medical equipment: manufacture and sale of medical equipment.
- Research and development: development of drugs.
- Natural resources: forestry exploitation business.

	Medical services		Research and development		Natural resources		Sales of medical equipment		Consolidated	
	For the nine months ended 30 September		For the nine months ended 30 September		For the nine months ended 30 September		For the nine months ended 30 September		For the nine months ended 30 September	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	-	50	965	78	59	132	-	30,457	1,024	30,717
Segment result	(622)	(438)	(433)	(792)	(10,149)	(8,508)	-	792	(11,204)	(8,946)
Unallocated operating income and expenses									(10,949)	(14,317)
Net effect of deconsolidation of a subsidiary									1,044	-
Finance costs									(1,047)	(563)
Gain on disposal of forest exploitation rights									-	52,080
Profit/(loss) for the period									(22,156)	28,254

4. DECONSOLIDATION OF MEDICAL EQUIPMENT SUBSIDIARY

As detailed in the Company's announcement on 26 March 2009 and 9 June 2009 in relation to a potential dispute over the Company's ownership in the Medical Equipment Subsidiary, the Company has been unable to obtain the management financial statements of the Medical Equipment Subsidiary since 31 December 2008.

Due to the above reason, the directors considered that the Group was unable to exercise its rights as major shareholder either to control the assets and operations or to exercise control over the financial and operating policy decisions of the Medical Equipment Subsidiary. As such, the directors considered that it is inappropriate to consolidate the financial results of the Medical Equipment Subsidiary into the Group and therefore, the Medical Equipment Subsidiary has been deconsolidated during the nine months ended 30 September 2009.

	<i>HK\$'000</i>
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<i>Aggregate assets deconsolidated</i>	
Property, plant and equipment	16,339
Prepaid lease payments	1,132
Intangible assets	763
Inventories	12,452
Trade and other receivables	14,716
Cash at bank and on hand	9,775
Amount due from Chinese partner	5,840
	<hr/>
	61,017
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<i>Aggregate liabilities, minority interests and reserves deconsolidated</i>	
Trade and other payables	18,738
Bank borrowings	13,040
Taxation	1,665
Minority interests	9,651
Exchange reserve	3,312
	<hr/>
	46,406
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Net amount deconsolidated	(14,611)
Write-back of provision for a potential loss of control of Medical Equipment Subsidiary at 31 December 2008	15,655
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Net effect of deconsolidation of the Medical Equipment Subsidiary	1,044
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5. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowings	-	107	-	242
Interest on bonds	353	321	1,047	321
	353	428	1,047	563

6. GAIN ON DISPOSAL OF FOREST EXPLOITATION RIGHTS

The sub-concession of 10% of the First Forest was completed on 30 June 2008 and the Group recorded a gain on disposal of HK\$52,080,000 which is calculated based on (i) the consideration of US\$10 million (equivalent to approximately HK\$78,000,000) and (ii) the adjusted carrying amount of the sub-concession of the First Forest of approximately HK\$26,000,000 (representing the cost of the sub-concession of the First Forest less accumulated amortisation).

7. TAXATION

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax – PRC tax for the period	-	406	-	406

(a) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the three months and nine months ended 30 September 2009 (2008: HK\$Nil) as the Group did not have any assessable profits in Hong Kong for the periods.

(b) PRC Income Tax

The Company's subsidiary, Tat Lung Medical Treatment (Shenzhen) Ltd. ("Tat Lung Treatment"), located in the Shenzhen Special Economic Zone in the PRC ("SSEZ"), is subject to PRC income tax at the reduced rate of 15% (2008: 15%). According to the relevant income tax rules and regulations in the PRC, Tat Lung Treatment obtained approval from the state tax bureau that is entitled to a 100% relief from PRC Income Tax in the first and second years and 50% relief for the third to fifth years, commencing from the first profitable year after the offset of deductible losses incurred in prior years, if any.

No provision for PRC income tax has been made for the Company's other subsidiaries as they did not have any assessable profits for the three months and nine months ended 30 September 2009 determined in accordance with the relevant income tax rules and regulations in the PRC.

(c) Cambodia Tax on Profit

No provision for Cambodia Tax on Profits has been made for the Company's subsidiaries as they did not have any assessable profits for the three months and nine months ended 30 September 2009 determined in accordance with the relevant tax rules and regulations in Cambodia.

(d) Deferred Taxation

No provision for deferred taxation is deemed necessary as the Group does not have any material deductible or taxable temporary differences for the three months and nine months ended 30 September 2009 (2008: HK\$Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share for the three months and nine months ended 30 September 2009 is based on the loss attributable to the owners of the Company of HK\$8,745,000 (2008: losses of HK\$7,863,000) and HK\$22,156,000 (2008: profit of HK\$28,204,000), respectively, divided by the weighted average number of 1,905,000,000 (2008: 1,767,043,796) ordinary shares in issue during the relevant periods.

No dilutive loss per share has been presented for the three months and nine months ended 30 September 2009 because the exercise of any share options would result in an anti-dilutive effect.

The dilutive earnings per share for the three months and nine months ended 30 September 2008 are the same as basic earnings per share because the exercise price of the Company's share options was higher than the average market price of the shares.

9. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2009 (2008: HK\$Nil).

10. RESERVES AND MINORITY INTERESTS

	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Reserves Total HK\$'000	Minority interests HK\$'000	Reserves and minority interests Total HK\$'000
At 1 January 2008 (audited)	379,783	5,265	1,875	12,277	(17,985)	381,215	6,875	388,090
Profit for the period	-	-	-	-	28,204	28,204	50	28,254
Exchange differences arising on translation of foreign operations	-	-	-	5,780	-	5,780	466	6,246
Total comprehensive income for the period	-	-	-	5,780	28,204	33,984	516	34,500
Recognition of equity-settled share based payments	-	-	3,336	-	-	3,336	-	3,336
New shares placement	118,000	-	-	-	-	118,000	-	118,000
At 30 September 2008 (unaudited)	497,783	5,265	5,211	18,057	10,219	536,535	7,391	543,926
At 1 January 2009 (audited)	497,783	5,265	6,135	15,805	50,868	575,856	9,651	585,507
Loss for the period	-	-	-	-	(22,156)	(22,156)	-	(22,156)
Exchange differences arising on translation of foreign operations	-	-	-	(3,281)	-	(3,281)	-	(3,281)
Total comprehensive income for the period	-	-	-	(3,281)	(22,156)	(25,437)	-	(25,437)
Recognition of equity-settled share based payments	-	-	3,476	-	-	3,476	-	3,476
Deconsolidation of medical equipment subsidiary	-	-	-	-	-	-	(9,651)	(9,651)
At 30 September 2009 (unaudited)	497,783	5,265	9,611	12,524	28,712	553,895	-	553,895

FINANCIAL REVIEW

The unaudited consolidated financial result of the Group for the nine months ended 30 September 2009 deconsolidated the financial results of the Medical Equipment Subsidiary.

The Group's revenue for the nine months ended 30 September 2009 amounted to approximately HK\$1,024,000, representing a decrease of 96.7% as compared with the corresponding period in 2008 as a result of deconsolidation. For the nine months ended 30 September 2009, the Group recorded a loss attributable to the owners of the Company of approximately HK\$22,156,000 (2008: profit of HK\$28,204,000).

Other income for the nine months ended 30 September 2009 amounted to approximately HK\$1,087,000, including the net effect of deconsolidation of the Medical Equipment Subsidiary, of approximately HK\$1,044,000, and representing a decrease of 98% as compared with the corresponding period in 2008, due primarily to the absence of income generated from the sub-concession of its forest in Cambodia, which contributed a gain of HK\$52,080,000 in 2008.

Selling, distribution and administrative expenses for the nine months ended 30 September 2009 decreased by 40% from approximately HK\$36,995,000 to HK\$22,102,000 as compared with that of the corresponding period. The significant decrease was primarily due to deconsolidation of the Medical Equipment Subsidiary.

The basic and diluted loss per share for the nine months ended 30 September 2009 was 1.16 Hong Kong cents (2008: earnings per share of 1.60 Hong Kong cents).

The Group's transactions are denominated in Renminbi, Hong Kong dollars and US dollars and the Group has not entered into any hedging arrangements during the periods under review.

At 30 September 2009, the Group had no outstanding hedging instruments (2008: HK\$Nil).

BUSINESS REVIEW

Forestry, wood product manufacturing and plantation

The two forests in Cambodia have a total site area of approximately 19,500 hectares with estimated timber reserves in excess of 5 million cubic metres. The Group has completed the construction of a self owned and operated sawn timber factory with an annual capacity of 10,000 cubic metres. A sawn timber and wood flooring material factory, owned by subcontractors with a capacity of 15,000 cubic metres, is under construction.

The Group has experienced delay in the export of sawn timber and wood flooring materials from Cambodia. The Cambodian Government has announced a ban on the illegal export of timber to save forest and promote carbon-credit trading. This crackdown on the illegal timber trade has had unintended negative repercussions on the legal export of timber products. These include an increase in administrative procedures in relation to the export of timber products, and significant delays in the processing of trade documentation. While the Group believes the negative factors are temporary and transitional, they have had a negative effect on the Group's results.

Forest clearing continued and a total of approximately 450 hectares were cleared by the end of June 2009. Plantation on cleared land gathered pace and the Group has planted some 160 hectares of rubber trees, acacia trees and jatropha curcas.

Manufacturing and sales of medical equipment

There is a potential dispute over the Company's ownership in the Medical Equipment Subsidiary, which should be a 65% subsidiary of the Company. The Company has been consulting PRC lawyers as to the appropriate actions to take so as to protect its interest in the Medical Equipment Subsidiary and to implement the necessary steps to formally re-register the Company as a 65% shareholder of the Medical Equipment Subsidiary.

Moreover, with regard to the seriousness of the matter, the Board has resolved on 26 March 2009 to establish the Special Investigation Committee for the purpose of, inter alia, investigating the matters related to the potential dispute as to the Company's ownership in the Medical Equipment Subsidiary and reviewing the internal control procedures and corporate governance policies of the Group.

The Company lodged an Administrative Review request in May 2009 with the Jiangsu Provincial government to review the governmental approval of the Unauthorised Disposal and registration of the Unauthorised Sale and Purchase Agreements. The application was accepted and the Administrative Review is ongoing.

The Company engaged an independent consultancy company (the “Consultant”) to conduct a review on the internal control system of the Group and the report thereof was issued in September 2009. The Board and the Special Investigation Committee of the Company agreed with the recommendations made by the Consultant and has appointed the Consultant to oversee the implementation of an internal control enhancement program. It is expected that the major recommendations will be implemented by the end of March 2010.

Research, development and sales of drugs

The Group is awaiting approval for its application to commence Phase I clinical trials for its anti-cancer drug candidate.

Manufacturing and sales of drugs and medicines

The Group is analysing the market potential of a number of generic drugs, prior to submitting production applications.

OUTLOOK

The Group plans to increase the pace of development of its forestry, wood manufacturing and plantation businesses in Cambodia. The Group also plans to produce sawn timber and wood flooring materials in significant volume, subject to an easing of the negative factors causing delay in export of timber products.

As additional forest land is cleared, the Group will expand its rubber tree, acacia tree and jatropha curcas plantations, which are expected to generate sustainable income for the Group upon maturity.

The Group is looking to dispose of its existing medical equipment and pharmaceutical businesses in the PRC if an appropriate opportunity arises.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2009, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(a) Long positions in the shares of the Company

<u>Name</u>	<u>Number of ordinary shares of HK\$0.01 each in the share capital of the Company held</u>	<u>Nature of interests</u>	<u>Percentage of interest</u>
Mr. Zhang Zhenzhong	97,600,000	Personal	6.02%
	17,000,000	Share option granted but not yet exercised	
Mr. Leung Sze Yuan Alan	39,000,000	Personal	2.94%
	17,000,000	Share option granted but not yet exercised	
Dr. Li Nga Kuk, James	32,800,000	Personal	1.72%
Mr. Li Tai To, Titus	16,400,000	Personal	0.86%

(b) **Short positions in the shares and underlying shares of equity derivatives of the Company**

Save as disclosed herein, as at 30 September 2009, none of Directors or chief executives of the Company has short positions in the shares, underlying shares of equity derivatives of the Company or any of its associated corporations.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

On 14 December 2001, the Company had conditionally approved and adopted a share option scheme pursuant to which any employees and directors of the Company and its subsidiaries may be granted options to subscribe for shares of the Company.

The Company has granted Share Option of 40,000,000 shares and 36,000,000 shares to employees of the Group on 12 October 2007 and 31 March 2008 at exercise prices of HK\$0.45 and HK\$0.21 per share respectively for exercise during the 3rd and the 4th year from the date of grant pursuant to the Share Option Scheme of the Company, which was adopted on 14 December 2001. And 4,000,000 shares granted to the former director has been subsequently cancelled after his resignation.

As at 30 September 2009, details of the outstanding options were as follows:

Date of grant	Exercise period	Number of share options				Outstanding as at 30 September 2009 '000
		Outstanding as at 1 January 2009 '000	Granted during the period '000	Exercised during the period '000	Cancelled/ lapsed during the period '000	
12/10/2007	12/10/2009 to 12/10/2011	36,000	-	-	-	36,000
31/3/2008	31/03/2010 to 31/03/2012	36,000	-	-	-	36,000
		72,000	-	-	-	72,000

Save as disclosed above, as at 30 September 2009, none of the directors or the chief executive or their associates had any interests or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2009, so far as is known to the directors or the chief executive of the Company, the following persons (other than a director or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

(a) Long positions in the shares of the Company

Name of substantial shareholder	Number of shares held	Capacity	Percentage of interest
Li Wo Hing	28,970,000	Personal	1.52%
	193,360,000	Corporate (Note)	10.15%
	222,330,000		11.67%
PMM (Note)	193,360,000	Beneficial owner	10.15%
Greatest Luck International Limited	128,000,000	Beneficial owner	6.72%

Note: As at 30 September 2009, PMM owned 193,360,000 shares, representing approximately 10.15% of the issued share capital of the Company. The issued share capital of PMM is owned as to 70.58% by Mr. Li Wo Hing, as to 19.61% by Dr. Li Nga Kuk, James, as to 9.81% by Mr. Li Tai To, Titus. Accordingly, Mr. Li Wo Hing holds indirect interest in the 193,360,000 shares through PMM.

(b) Short positions in the shares and underlying shares of equity derivatives of the Company

So far as the Directors are aware, save as disclosed herein, no persons have short position in the shares or underlying shares of equity derivatives of the Company.

DIRECTORS' INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the directors of the Company had a material interest, either directly or indirectly, subsisted during the nine months ended 30 September 2009.

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

During the nine months ended 30 September 2009, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

None of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any businesses that compete or may compete with the business of the Group or have any other conflicts of interests with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the required standards on dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding directors' transactions in securities throughout the nine months ended 30 September 2009. The Company's directors confirmed that they complied with such code of conduct and required standards for dealings throughout the nine months ended 30 September 2009.

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

During the nine months ended 30 September 2009, save as disclosed in note 4 to the Condensed Consolidation Financial Statements regarding the deconsolidation of the Medical Equipment Subsidiary on 26 March 2009, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 of the GEM Listing Rules.

As required by Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee (the “Committee”) with written terms of reference which deal with its authority and duties. The Committee’s primary duties are to review and to supervise the financial reporting process and internal control systems of the Group and to provide advice and comments to the directors.

As at 30 September 2009, the Committee was composed of the three independent nonexecutive directors, namely, Messrs. Fan Wan Tat, Tam Wai Leung, Joseph and Chan Kim Chung, Daniel. During the nine months ended 30 September 2009, the Committee held four meetings for the purpose of reviewing the Company’s reports and financial statements, and providing advice and recommendations to the board of directors.

The Committee members have reviewed the Company’s unaudited quarterly financial report for the nine months ended 30 September 2009 and are of the opinion that the preparation of such results complied with applicable accounting standards.

By order of the Board
Leung Sze Yuan Alan
Chairman

Hong Kong, 10 November 2009