



UURG Corporation Limited

(continued in Bermuda with limited liability)

Stock Code : 8192

Building The
Greensight

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 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 nine months ended 30 September 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 September		Nine months ended 30 September	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue	4	882	224	2,683	1,124
Other income	4	54	1	65	31
Depreciation		(14)	(11)	(50)	(33)
Materials and consumables used		(279)	(141)	(1,660)	(141)
Staff costs		(1,416)	(764)	(5,047)	(1,430)
Other operating expenses		(1,731)	(1,154)	(4,437)	(2,883)
Loss from operations		(2,504)	(1,845)	(8,446)	(3,332)
Finance costs		(67)	(59)	(193)	(176)
Loss before income tax	5	(2,571)	(1,904)	(8,639)	(3,508)
Income tax credit	6	11	-	32	-
Loss for the period		(2,560)	(1,904)	(8,607)	(3,508)
Other comprehensive loss for the period					
Translation difference		1	-	4	-
Total comprehensive loss for the period		(2,559)	(1,904)	(8,603)	(3,508)
Loss attributable to equity holders of the Company		(2,560)	(1,904)	(8,607)	(3,508)
Total comprehensive loss attributable to equity holders of the Company		(2,559)	(1,904)	(8,603)	(3,508)
Loss per share in HK cents	7				
- Basic		(0.046)	(0.034)	(0.155)	(0.065)
- Diluted		N/A	N/A	N/A	N/A

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 nine months ended 30 September 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 People's Republic of China, 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 recognized during the period are as follows:

	Three months ended 30 September		Nine Months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Service income	882	224	2,683	1,124
Other revenue				
Interest income	54	1	65	31

5. Loss before Income Tax

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

	Three months ended 30 September		Nine Months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' remuneration	85	220	498	567
Other staff costs	1,332	544	4,550	863
Depreciation	14	11	50	33
Operating lease rental in respect of land and building	693	111	1,842	218
Effective interest expense on convertible bonds	67	59	193	176

6. Income Tax Expense

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

	Three months ended 30 September		Nine Months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Deferred tax				
Reversal of deferred tax liabilities	11	-	32	-
	<u>11</u>	<u>-</u>	<u>32</u>	<u>-</u>
Total income tax credit	11	-	32	-

7. Loss Per Share

The calculation of basic loss per share for the three months and nine months ended 30 September 2009 is based on the unaudited net loss for the three months and nine months ended 30 September 2009 of approximately HK\$2,560,000 and HK\$8,607,000 (three months and nine months ended 30 September 2008: loss of approximately HK\$1,904,000 and HK\$3,508,000) and the weighted average of 5,568,000,000 shares respectively (three and nine months ended 30 September 2008: 5,568,000,000 and 5,372,744,526 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 nine months ended 30 September 2009 (nine months ended 30 September 2008: Nil).

9. Reserves

Movements in reserves during the periods are as follows:

	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	-	-	-	-	-	-	(3,508)	(3,508)
At 30 September 2008	<u>2,784</u>	<u>1,030</u>	<u>20,257</u>	<u>11</u>	<u>1,175</u>	<u>-</u>	<u>(6,395)</u>	<u>18,862</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	-	-	-	-	-	4	(8,607)	(8,603)
At 30 September 2009	<u>2,784</u>	<u>1,030</u>	<u>20,273</u>	<u>11</u>	<u>1,190</u>	<u>1</u>	<u>(18,617)</u>	<u>6,672</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\$882,000, representing an increase of approximately 294% compared with the last corresponding period of approximately HK\$224,000.

The global economy started to rebound since the second quarter of the year, and it is generally believed that the worst situation has been over. Green building practices are becoming widely accepted around the globe as greater numbers of people recognize the real benefits provided by sustainable practices and products. Subsequent to the preparatory works carried out in the previous months, the Group has successfully secured a number of prominent projects in the People's Republic of China (the "PRC") for providing green building technology solutions in this quarter. They are namely the new Wuhan Railway Station in Hubei Province, Air China Flight Simulation Training Center in Beijing, and Nanjing Huawei Technologies Corporate Campus in Jiangsu Province. Revenue during this period has improved which reflected the potential of green building business would be sanguine. Furthermore, continual vigilant cost controls also helped to reduce operating expenditures and will further help to improve the financial position of the Group.

Looking ahead, the Group will continue to deliver quality services to both existing and new customers, further strengthen its market position in the PRC, and explore fresh opportunities for further contributions to the Group.

FINANCIAL REVIEW

For the nine months ended 30 September 2009, the Group's unaudited consolidated turnover and loss attributable to equity holders of the Company were approximately HK\$2,683,000 (2008: HK\$1,124,000) and HK\$8,607,000 (2008: HK\$3,508,000) respectively which were increased by approximately 139% and 145% respectively comparing with the corresponding period last year. The increase in the loss was mainly attributable to significant increase in staff and establishment costs in order to cope with the business development both in Hong Kong and the PRC.

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 nine months ended 30 September 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 September 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 September 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 September 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

Name of Shareholder	Number of issued shares	Capacity in which shares are held	Percentage of issued share capital
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 September 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 nine months ended or at any time during the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 September 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, 9 November 2009