ACR 亞洲資產(控股)有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8025)

Third Quarterly Report 2009

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This report, for which the directors of Asian Capital Resources (Holdings) Limited 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 Asian Capital Resources (Holdings) Limited. 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.

As at the date of this report, the executive directors of the Company are Mr. Xie Xuan (Chairman), Mr. Yang Qiulin, and Mr. Qiu Yue; the non-executive directors are Mr. Lo Mun Lam, Raymond (Vice Chairman), and Mr. Andrew James Chandler; and the independent non-executive directors are Mr. Wu Jixue, Mr. Zhang Daorong, and Dr. Feng Ke.

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the "Board") of Asian Capital Resources (Holdings) Limited (the "Company") present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three and nine months ended 30 September 2009 together with the comparative figures for the corresponding periods in 2008 as follows:

		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*
Turnover	*2*	**6,288**	29,266	**30,683**	91,995
Cost of services		**(5,730)**	(25,681)	**(25,443)**	(81,917)
Gross profit		**558**	3,585	**5,240**	10,078
Other revenue		**57**	172	**259**	(68)
Interest income		**1**	8	**3**	20
Staff costs		**(1,797)**	(3,216)	**(6,425)**	(8,977)
Operating lease rentals		**(314)**	(936)	**(1,409)**	(2,495)
Other operating expenses		**263**	(2,020)	**(2,514)**	(6,132)
Depreciation and amortization		**(7,422)**	(121)	**(21,816)**	(413)
Loss from operating activities		**(8,654)**	(2,528)	**(26,662)**	(7,987)
Finance costs		**(178)**	(123)	**(490)**	(291)
Loss before taxation		**(8,832)**	(2,651)	**(27,152)**	(8,278)
Taxation	*3*	**(120)**	–	**(335)**	–
Loss for the period		**(8,952)**	(2,651)	**(27,487)**	(8,278)
Attributable to:					
Equity holders of the Company		**(8,690)**	(2,383)	**(26,656)**	(8,010)
Minority interests		**(262)**	(268)	**(831)**	(268)
		(8,952)	(2,651)	**(27,487)**	(8,278)
Loss per share					
– Basic	*4*	**(0.90 cents)**	(0.34 cents)	**(2.77 cents)**	(1.21 cents)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Consolidated Statement of Changes in Equity for the nine months ended 30 September 2009 and the nine months ended 30 September 2008:

	Attributable to equity holders of the Company							
	Share capital	**Share premium**	**Capital reserves**	**Translation Reserve**	**Accumulated losses**	**Sub-total**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2008	63,933	97,008	26,020	(775)	(203,297)	(17,111)	817	(16,294)
Movement of the period	32,409	38,242	26,787	9	(8,278)	89,169	2,295	91,464
As at 30 September 2008	96,342	135,250	52,807	(766)	(211,575)	72,058	3,112	75,170
As at 1 January 2009	96,342	119,693	26,020	(1,832)	(261,417)	(21,194)	100,083	78,889
Movement of the period	–	–	–	387	(27,487)	(27,100)	(831)	(27,931)
As at 30 September 2009	**96,342**	**119,693**	**26,020**	**(1,445)**	**(288,904)**	**(48,294)**	**99,252**	**50,958**

Notes:

1. BASIS OF PREPARATION

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong and the GEM Listing Rules. The principal accounting policies adopted in preparing these financial statements are consistent with those followed in the Group's annual audited consolidated financial statements for the year ended 31 December 2008.

2. TURNOVER

The Group's turnover represents the invoiced value of (1) distribution fees from the provision of content information; (2) service fees from the provision of internet protocol television ("IPTV") services; and (3) service fees from the provision of logistics services and excludes intra-Group transactions 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*
Content solution service – distribution fees	**–**	–	**–**	27
IPTV fees	**4,535**	–	**4,535**	–
Logistics service fees	**1,753**	29,266	**26,148**	91,968
Total turnover	**6,288**	29,266	**30,683**	91,995

3. 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*
Hong Kong profits tax	**–**	–	**–**	–
PRC income tax	**120**	–	**335**	–
	120	–	**335**	–

No Hong Kong profits tax has been provided for the nine months ended 30 September 2009 as the Group has no assessable profit in Hong Kong for the period.

4. **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 net loss from ordinary activities attributable to equity holders of the Company of approximately HK$8,690,000 (2008: HK$2,383,000) and HK$26,656,000 (2008: HK$8,010,000) and the weighted average number of ordinary shares of approximately 963,417,986 and 963,417,986 respectively (2008: 704,151,932 and 660,782,059) during the periods.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The total turnover of the Group for the nine months ended 30 September 2009 was approximately HK$30,683,000 (2008: HK$91,995,000) which was decreased by approximately 66.65% as compared to that of the previous financial year. The Board noticed one of the significant reasons for the decrease in the total turnover of the Group was a result of the poor global economic conditions, coupled with the ongoing global financial crisis during the period, which has affected the entire transportation industry in the PRC.

The unaudited consolidated loss from operations for the nine months ended 30 September 2009 was approximately HK$27,487,000, which was significantly increased as compared with the corresponding period last year, HK$8,278,000. The increase in loss for the period is mainly attributable to the substantial provision made for the asset impairment loss in respect of the goodwill provision on Guangzhou Wavecom Communication and Advertising Limited ("Guangzhou Wavecom"). Provision has been made for the asset impairment loss provision on the goodwill of Guangzhou Wavecom as the Board, on the recommendation of the Company's auditors, has adopted a prudent approach and determined that based on IAS 36, an impairment on goodwill provision should be made on the assets of Guangzhou Wavecom.

Excluding the amortization of the license value of the Company's subsidiary, Guangzhou Wavecom of approximately HK$7,083,000, the Group has successfully reduced the operating loss for the nine months ended 30 September 2009 by 24.66%. Excluding the provision for the asset impairment loss the net loss per share attributable to the equity holders of the Company would be 0.19 cents per share. Once the operations of the IPTV division begin to contribute to the revenue of the Group, the enterprise value of the Group will increase.

The Group's gross profit margin is increased from 10.95% for the nine months ended 30 September 2008 to 17.08% for the current period. The increase in gross profit margin is due to the closure of the non-profitable operations in Hong Kong and the USA.

Financial cost

The financial cost of the Group for the nine months ended 30 September 2009 was approximately HK$490,000 (2008: HK$291,000) which was increased by approximately 68.39% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

For the nine months ended 30 September 2009, the Group's borrowing consists of a loan from the ultimate holding company of HK$14,523,000. The Group had a cash balance of approximately HK$3,267,000 (2008: HK$5,175,000).

The Group continues to adopt a prudent treasury policy to maintain its cash balance either in Hong Kong Dollars, or in the local currencies of the operating subsidiaries, maintaining a minimum exposure to foreign exchange risks.

The issued share capital of the Group for the nine months ended 30 September 2009 has remained unchanged at HK$96,341,799 as compared with that for the same period last year.

Gearing Ratio

For the nine months ended 30 September 2009, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 13.04% (2008: 28%).

Employee and remuneration policies

For the nine months ended 30 September 2009, the Group employed a total of 46 employees (as at 30 September 2008: 202), of which 5 were located in Hong Kong and the remaining 41 were located in the PRC. The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of performance and experience of the employees. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually.

Material acquisitions and disposals of subsidiaries and affiliated companies

Deregistration and Winding-Up of various Subsidiaries in the Group

The Board has resolved that, in order to reduce the operating costs of the Group, those subsidiaries within the Group which no longer add value to, nor generate any income attributable to the Group, should be deregistered, or voluntarily wound up. The Board considers that the deregistration and winding up of the various subsidiaries setout below will have no impact on the operations of the Group, other than reducing the Group's operating costs.

Those subsidiaries which are currently in the deregistration process are: AIR Logistics International Holdings Limited (BVI), AIR Logistics International Holdings Limited, AIR SQW Limited, Asian Information Resources Consultants Limited, Chinareference.com Limited, Explore International Limited, Explore Limited, and Sinobase Asia Limited.

Those subsidiaries which have been deregistered are: AIR Logistics International Limited, Easy On Logistics Limited and e-Daily Limited.

Those subsidiaries which are currently being voluntarily wound up are: Asian Information Investment Consulting Limited, BuyCollection.com Limited, and Myhome Network Limited.

Material Litigation and Contingent Liabilities

As at 30 September 2009 the Directors consider that neither the Company nor any of its subsidiaries is involved in any litigation or claim of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

Subsequent Events

Appointment of a Director

Mr. Andrew James Chandler ("Mr. Chandler") was appointed as a non-executive director of the Company with effect from 8 October 2009, subject to the approval of the Stock Exchange of Hong Kong Limited.

Mr. Chandler, aged 37, joined the Company in August 2006, and has been responsible for the legal and corporate compliance related matters of the Company. Mr. Chandler was admitted as a barrister of the High Court of Hong Kong in 1998, and as a barrister and solicitor of the High Court of New Zealand in 1996. Mr. Chandler has over 10 years of experience in the legal field. Mr. Chandler graduated from Victoria University in Wellington, New Zealand with a Bachelor of Laws, and Bachelor of Arts degrees. Mr. Chandler has also obtained a Post Graduate Certificate in Laws from City University, Hong Kong, and a Graduate Diploma in Business Studies, majoring in Finance, from Massey University, New Zealand.

Mr. Chandler has not held other directorships in listed public companies in the last three years. He has no interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

The Company has entered into a service contract with Mr. Chandler, for an undefined term, whereby Mr. Chandler is entitled to a monthly emolument of HK$45,000, and which is subject to review on a half-yearly basis. Mr. Chandler is subject to retirement and re-election at the next annual general meeting of the Company in accordance with the provisions of the articles of association of the Company.

Mr. Chandler was also the company secretary, authorised representative and legal counsel of the Company, and its various subsidiaries. Mr. Chandler does not have any relationships with other directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company as defined in the GEM Listing Rules. There is no additional information required to be disclosed pursuant to Rules 17.50(2)(h) – (v) of the GEM Listing Rules.

The Board believes that there are no other matters that need to be brought to the attention of holders of securities of the Company.

The Board would like to welcome Mr. Chandler as a non-executive director of the Company.

OPERATIONAL REVIEW

During the period under review, the Group continued its focuses on and reviewed the long-term prospects of its core business in logistics services and information technology, whilst seeking to further enlarge its revenue base through the provision of IPTV services to the greater southern China region. The Company had a sufficient level of operations in logistics services and has sufficient assets and a sufficient level of operations to operate its business as a going concern. The Company does not have any financial difficulties to an extent which may seriously impair the Company's ability to continue its business. The Company also has, in addition to those assets held by the IPTV division, sufficient assets to operate its business due to the continuing support of the major shareholder of the Company.

The Board has continually been seeking investment opportunities to broaden the Group's income base and to expand the Group's business operations. Hence, on 24 December 2007 the Company entered into an agreement to purchase Guangzhou Wavecom (the "Acquisition"). On 12 September 2008 the Company announced that the Acquisition had been completed on 11 September 2008. As such the media company, Guangzhou Wavecom, and its subsidiary South Pearl Limited ("South Pearl"), have been incorporated into the corporate structure of the Group.

The Board anticipates, that given the poor economic outlook at present, which is expected to persist in the near future, that for forthcoming periods the expected revenue base of the Group will not improve significantly, as had been forecast at the time that the Acquisition was contemplated.

The Board continues to address the revenue issue that is a direct result of the poor economic outlook at present, through the implementation of viable strategies, as outlined below, including the diversification of allocation of future funding within the Group, which will see the Group move towards other opportunities for the generation of significant revenue for the Group, which will allow the Group to ultimately generate long-term and sustainable returns to the Company's shareholders.

Shareholders and potential investors were advised by the Board in the Company's announcement dated 3 November 2009 (the "Announcement") that the Board was informed by the management of Ever-OK International Forwarding Co., Limited ("Ever-OK") that Ever-OK is not operating as a profitable entity, and that the achievement of profitability in the foreseeable future is not a realistic possibility. Given that information, and given the Board's desire to focus on the newly acquired IPTV division, the Board has determined that it is in the best interests of the Company, and the Company's shareholders as a whole, to initiate the closure of the business of Ever-OK.

Shareholders and potential investors are advised that the Board, through the Acquisition of the IPTV division, and the implementation of the launch of the second phase of the provision of IPTV services on 1 October 2009, has been concentrating and reallocating the Company's resources and other assets within the Group to the IPTV division, in an effort to improve the profitability of the Group, and enhance the potential future returns to the shareholders of the Company. The initiation of the closure of the business operations of Ever-OK, as announced in the Announcement, is in line with the Board's strategy of closing all non-profitable operations of the Group, whilst focusing more resources on the IPTV division, which the Board is confident produces a sufficient level of operations to enable the Company to operate as a going concern and achieve future profitability for the Group, and enhance the potential future returns to the Company's shareholders as a whole.

The Board is of the view that, after the closure of the business operations of Ever-OK, the Company will, with regard to the existing client base and revenue streams generated by the IPTV division, continue to have a sufficient level of operations in the IPTV division, and has sufficient assets to operate its business as a going concern. The Board does not anticipate that the Company will have any financial difficulties to an extent which may seriously impair the Company's ability to continue its business in the forthcoming periods.

Performance of operating divisions

Logistics Services

Notwithstanding the management's efforts in rationalizing the Group's operations and enhancing the Group's cost efficiency the aim to attain profitability in the logistics division had not been achieved. The management of the Company put a great deal of effort into improving profitability of Ever-OK through the reduction of the company's operating costs which were incurred by its branches and subsidiaries.

This division of the Group generated the majority of the returns the Group derived from its business operations during the period. However the ongoing poor global economic conditions unfortunately had a significant impact on the financial performance that has been achieved from the Group's logistics division. Nevertheless the Board had been diligent in protecting the Group by containing the losses to a much lower level in terms of the logistics operations.

Given the difficulties that the Board had encountered with the Group's logistics division, and with regard to the Board's attempts to focus on the development of the IPTV division and reduce the logistics division's operating costs in order to reduce the losses which have been incurred which are a result of the impact of the reduced turnover of Ever-OK, which is directly attributable to the general downturn in the global economy, which unfortunately, given the present economic climate, have been unsuccessful, the Board has determined that it is in the best interests of the Company, and the Company's shareholders as a whole, to initiate the closure of the business of Ever-OK. In fact, the general downturn in the global economy has had a major adverse impact, not only on the turnover achieved by Ever-OK, but on the entire logistics industry as a whole in the People's Republic of China (the "PRC").

With regard to the general downturn in the global economy, this has had a materially adverse effect on the entire logistics industry in the PRC since early 2008, and is one of the main reasons the Board determined to initiate the closure of the business of Ever-OK. In fact, as previously reported, as to the ongoing poor economic conditions, it has been reported that with regard to the relevant China trade numbers, exports dived 26.4 per cent from May last year to US$88.76 billion, the result of a severe downturn in the demand by the mainland's major customers in North America and Europe. The decline extended the 22.6 per cent fall in April 2009. Imports also fell, dropping 25.2 per cent to US$75.37 billion, widening from a 23 per cent decline in April 2009 (source: South China Morning Post). It has also been reported that April's decline in exports, to US$91.9 billion, is bigger than March's 17 per cent drop and suggests China's trade sector has yet to see much relief from the prolonged drought in demand brought on by the global economic downturn (source: Yahoo Finance).

The Board determined, upon the advice of the management of Ever-OK, that the reduction of this division's operating costs was unable to offset the general downturn in turnover, and with this in mind, the Board determined it was in the best interests of the Company, and the Company's shareholders as a whole, to initiate the closure of the Group's logistics business to further the aim of achieving profitability through other investments and operations of the Group which has been the Board's strategy since September 2008.

Another factor that the Board has had regard to in determining to initiate the closure of the business of Ever-OK, is the fact that in order to comply with the regulatory regime that applies to the logistics industry in the PRC, the Board was informed by the management of Ever-OK that Ever-OK would be required to expend a large sum of its working capital to meet the ongoing and new compliance costs that Ever-OK was facing, and this would have led to the Group incurring a large amount of additional operating costs, which in turn would have had a profoundly negative impact on the Group's business operations and the returns that could be achieved therefrom.

One such compliance issue that Ever-OK had encountered, which is an ongoing obligation which Ever-OK had to meet, related to the fact that on 19 June 2007 the Water Carriage Division of the Ministry of Communication of the PRC issued a notice to all international liner service operators, demanding the enforcement of the "Regulations of the People's Republic of China on International Maritime Transportation", which required that: (i) when concluding agreements on negotiated rates with Non-Vessel Operating Common Carriers, ("NVOCCs") international liner service operators shall make sure that such NVOCCs have registered their bills of lading and paid the required surety bond in accordance with the provisions of these regulations; and (ii) an operator of international shipping services shall not accept cargo or containers from a NVOCC who fails to register its bill of lading and deposit the surety bond. The management of Ever-OK had reported that compliance with such regulations would have a negative impact on the logistic services business of the Company in the coming periods as a result of the higher compliance costs and additional demand for working capital.

In fact it was determined by the Board, prior to initiating the closure of Ever-OK, that the current working capital resources of Ever-OK would not be sufficient to meet the ongoing regulatory compliance costs that Ever-OK faced, and that an further injection of capital from the Company would be required if Ever-OK were to continue as a viable business entity in its own right. Considering this, the Board determined, after a critical review of Ever-OK's operations, that it would not be in the best interests of the Company to inject further capital into Ever-OK, a non-profit making entity of the Group, rather such resources should be allocated to the IPTV division, rather than incurring additional operational expenses in the logistics division, for which the Board is of the view, would not realize any additional benefit to the Company.

Given the present downturn in the global economy, and upon having critically reviewed the future prospects of Ever-OK in this climate, the Board has determined that it would not be in the best interests of the Company to allocate further capital funding to Ever-OK nor incur additional operating expenses for which no additional benefit will be derived, but rather any further capital expenditure should be allocated to the newly acquired IPTV division.

The Board is of the view that the initiation of the closure of the business operations of Ever-OK will not have an adverse effect on the Group, rather such closure, which will allow the Group to reduce its operating costs, will lead, it is anticipated, towards the Group achieving profitability in future periods.

Information Technology

The Board believes that the Acquisition will, once the general global economy improves, provide the basis for the generation of long-term and sustained revenue streams for the Group which in turn will improve the returns to the shareholders of the Company. The Board has commenced the initial phases of the launch the provision of the IPTV services. The Board is hopeful and expectant the general world economy will further improve in the forthcoming periods.

South Pearl has commenced its business operations after its acquisition by Guangzhou Wavecom. South Pearl is principally engaged in the IPTV industry as an operator and content provider. Services include but are not limited to: audio-visual services such as (a) television programs on demand; (b) television programs download; (c) KTV on demand; (d) music on demand; and (e) video broadcast live and other services such as (i) TV shopping; (ii) online education; and (iii) online securities. South Pearl has negotiated with Guangzhou Television Broadcast Microwave General Station (廣州市廣播電視微波總站), the holder of "Broadcast of Audio-Video Program On Web Permit" (信息網路傳播視聽節目許可證), an exclusive service agreement under which South Pearl acts as the exclusive service provider of Guangzhou Television Broadcast Microwave General Station in respect of, among others, contents of the programmes, advertising and promotion services and other related services in relation to the IPTV services. It is a prerequisite to get such license in order to provide IPTV services in the PRC. The signing of the abovementioned agreement has ensured that South Pearl has the right to act as an IPTV operator in the southern region of the PRC. In other words, South Pearl makes use of the licenses possessed by Guangzhou Television Broadcast Microwave General Station in order to provide IPTV services.

South Pearl directly receives subscription fees from the customers in respect of the IPTV services and the initial term of the agreement is five years subject to subsequent renewal as agreed by the parties. Accordingly, the Acquisition also effectively involved the acquisition of South Pearl's cooperation arrangement with Guangzhou Television Broadcast Microwave General Station as mentioned above.

During the first six months of 2009, the Board concentrated on finalizing all developments in its IPTV services and officially launched the first phase of the provision of IPTV services to the greater southern China region in the second quarter of 2009. The Board successfully diversified the provision of IPTV services in the second quarter of 2009 such that it concluded a contract for the contracting of media software platforms for the provision of IPTV services to an established client base of approximately 50,000 consumers. The revenue streams and turnover that the IPTV division has received from the provision of IPTV services in the third quarter of 2009 total approximately HK$4,535,000.

The Board launched the second phase of the provision of its IPTV services on 1 October 2009. The income that will be derived from the initial subscribers to the IPTV services is expected to remain the same, however the Board expects that with regards to the downturn in the global economy, that the total revenue expected to be generated will be lower than originally forecast slightly at the beginning, but in view of the expected growth in the gross domestic product of the PRC and the growing income of China's affluent society in the forthcoming years, the revenue derived from this division is expected to increase in future periods. The Board will continually assess and review the revenue and cash flows that are expected to be derived from the project in these periods with a view to achieving a positive return on investment for the Group which will be of great benefit to the Company's shareholders as a whole.

Shareholders shall be kept informed of any developments in this sector, and shall be fully advised of the Board's intentions regarding the progress of the IPTV services, and the additional revenue to the Group which is expected to be derived therefrom.

Financial Consultancy

Apart from the aforementioned operations, the Group continues to explore investment opportunities which are strategic to its business operations and which will contribute significantly to the return of our shareholders.

With the acquisition of Vega International Group Limited ("Vega"), which is principally engaged in the provision of services in corporate finance and investment, project planning and development, technology project brokerage services, corporate development services, management consulting and post-acquisition advisory and professional management services, the Group is expanding and exploring further opportunities for development in the corporate finance sector which will further contribute to the current revenue streams generated by the Group.

The Group is still in the process of negotiating a number of contracts for the provision of financial consultancy services by Vega with companies in the southern China region. In terms of these consultancy services, they will be negotiated in the normal course of business and shareholders will be kept informed of this division as it progresses, and of the additional revenue to the Group which is expected to be derived therefrom.

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

As at 30 September 2009, the interests and short positions of the Directors and the chief executive and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, and pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions

Name of Director	Capacity/ Nature of interests	Number of Issued ordinary shares held	Approximate percentage holding
Mr. Qiu Yue *(Note 1)*	Beneficial Owner of a controlled Corporation	18,620,436	1.93%
Mr. Qiu Yue	Beneficial Owner	15,600,000	1.62%
Total		**34,220,436**	**3.55%**

Note 1: The controlled corporation is Lucky Peace Limited, which is incorporated in Samoa, and which is 100% wholly-owned by Mr. Qiu Yue.

Other than as disclosed above, none of the Directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2009.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO

As at 30 September 2009, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the share and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Asian Dynamics International Limited *(Note 1)*	Beneficial owner	Corporate	546,846,132	56.76%
Concord Square Limited	Beneficial owner	Corporate	83,914,000	8.71%
Aldgate Agents Limited *(Note 2)*	Beneficial owner	Corporate	66,120,000	6.86%
Mongolia Energy Corporation Limited	Interest of a controlled corporation	Corporate	66,120,000	6.86%

Notes:

1. Asian Dynamics International Limited is a company incorporated in the British Virgin Islands and beneficially owned by Asian Wealth Incorporated, Denwell Enterprises Limited, Glamour House Limited, Mr. Chan Chi Ming and Mr. Chau Tak Tin.

2. Aldgate Agents Limited is a wholly owned subsidiary of Mongolia Energy Corporation Limited, previously known as New World Cyberbase Limited, a company listed on the Stock Exchange (stock code 276). Their interests in the shares of the Company duplicate with each other.

Save as disclosed above, as at 30 September 2009, no persons, other than the Directors and chief executive of the Company, whose interests are set out under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in any shares, underlying shares or debentures of the Company that was required to be recorded under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or management shareholders of the Company or their respective associates had an interest in a business which competes or may compete with the business of the Group.

MANAGEMENT SHAREHOLDER

As far as the Directors are aware of, other than Asian Dynamics International Limited, Concord Square Limited, Mongolia Energy Corporation Limited, and Aldgate Agents Limited, as disclosed above, there was no other person during the nine months ended 30 September 2009 who was directly or indirectly interested in 5% or more of the shares then in issue of the Company and who was able, as a practicable matter, to direct or influence the management of the Company.

SHARE OPTIONS

For the nine months ended 30 September 2009, there are outstanding 97,840,073 ordinary shares of HK$0.10 each in the capital of the Company ("the Option Share(s)") granted by the Company and fall to be issued upon exercise of the Option Shares at the exercise price of HK$0.275 per Option Share.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

The Company has made specific enquiry to all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the period ended 30 September 2009.

AUDIT COMMITTEE

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising independent non-executive Directors, namely Mr. Zhang Daorong, Mr. Wu Jixue and Dr. Feng Ke, and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this announcement and has provided advice and comments thereon.

On behalf of the Board
Xie Xuan
Chairman

Hong Kong, 10 November 2009