

July 10, 2007

Mail Stop 4561

Mr. Michael J. Smith  
Chief Executive Officer and Chief Financial Officer  
Cathay Merchant Group, Inc.  
Unit 803, Dina House  
Ruttonjee Centre  
11 Duddell Street  
Central, Hong Kong SAR, China

**Re: Cathay Merchant Group, Inc.**  
**Form 10-KSB for the period ended July 31, 2005**  
**Form 10-KSB for the period ended December 31, 2006**  
**Form 10-KSB/A for the period ended December 31, 2006**  
**File No. 001-16283**

Dear Mr. Smith:

We have completed our review of your Form 10-KSB and related filings and have no further comments at this time.

Sincerely,

John P. Nolan  
Accounting Branch Chief

CC: Cam McTavish, Clark Wilson LLP; Via facsimile (604) 687-6314