



HONBRIDGE HOLDINGS LIMITED
洪橋集團有限公司
(Stock Code : 8137)

First Quarterly Report 2009





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This Report, for which the directors (the “Directors”) of Honbridge Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) 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: (i) the information contained in this Report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Report misleading; and (iii) 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.

Unaudited Consolidated Quarterly Results

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2009, together with the comparative unaudited figures for the corresponding period in 2008, as follows:

Consolidated Income Statement – Unaudited

	Notes	Three months ended 31 March	
		2009 HK\$'000	2008 HK\$'000
Revenue	2	4,923	4,260
Direct operating expenses		(3,736)	(3,690)
Other operating income		20	–
Selling and distribution costs		(1,499)	(2,202)
Administrative expenses		(2,849)	(4,425)
Other operating expenses		(213)	–
Operating loss	3	(3,354)	(6,057)
Finance costs		(455)	–
Loss before income tax		(3,809)	(6,057)
Income tax expense	5	–	–
Loss for the period		(3,809)	(6,057)
Attributable to:			
Equity holders of the Company		(3,407)	(6,057)
Minority interests		(402)	–
Loss for the period		(3,809)	(6,057)
Basic loss per share for loss attributable to the equity holders of the Company during the period	7	HK(0.10) cent	HK(0.18) cent

Notes:

1. Basis of Presentation

The unaudited consolidated financial statements for the three months ended 31 March 2009 has not been audited by the Company's auditors but has been reviewed by the Company's audit committee.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

These quarterly financial statements should be read, where relevant, in conjunction with the 2008 annual report.

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008.

2. Revenue

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied and income from provision of services. Revenue recognised during the period is as follows:

	For the three months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
Sale of silicon products	655	–
Sale of magazines, promotion and advertising income	4,268	4,260
	4,923	4,260

3. Operating Loss

During the three months ended 31 March 2009, operating loss is arrived at after charging depreciation of HK\$640,000 (three months ended 31 March 2008: HK\$24,000) in respect of the Group's property, plant and equipment and cost of inventories recognised as expense of HK\$748,000 (three months ended 31 March 2008: Nil).

4. Segment Information

Primary reporting format – business segments

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary of details of the business segments are as follows:

- (i) "Silicon products" segment involves production and sale of silicon products; and
- (ii) "Publications" segment involves the publishing, advertising, promotional and marketing services.

Three months ended 31 March 2009

	Silicon products HK\$'000	Publications HK\$'000	Total HK\$'000
Segment revenue	655	4,268	4,923
Segment results	(793)	(1,254)	(2,047)
Unallocated expenses			(1,307)
Finance costs			(455)
Loss before income tax			(3,809)
Income tax expense			-
Loss for the period			(3,809)

For the three months ended 31 March 2008, no business segment information is presented as the Group's operation related solely to the magazine publication.

4. Segment Information (Continued)**Secondary reporting format – geographical segments**

The Group's operations are located in two main geographical areas. The following table provides an analysis of the Groups' sales by location of customers, irrespective of the origin of the goods and services.

Revenue by geographical markets:

	For the three months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
Hong Kong	4,268	4,260
Mainland China	655	–
	4,923	4,260

5. Income Tax Expense

No Hong Kong profits tax was provided as the Group had no estimated assessable profit arising in or derived from Hong Kong during the three months ended 31 March 2009 (three months ended 31 March 2008: Nil). The PRC enterprise income tax is calculated at the rates prevailing in the relevant region.

6. Dividend

The Board has resolved not to declare the payment of an interim dividend for the three months ended 31 March 2009 (three months ended 31 March 2008: Nil).

7. Loss per Share

The calculation of basic loss per share for the three months ended 31 March 2009 is based on the loss attributable to the equity holders of the Company of HK\$3,407,000 (three months ended 31 March 2008: HK\$6,057,000) and on 3,412,719,716 shares in issue (three months ended 31 March 2008: 3,412,719,716 shares).

No diluted loss per share for the three months ended 31 March 2009 and 31 March 2008 have been presented because the outstanding share options had an anti-dilutive effect.

8. Movement of Reserves

There is no movement of the reserves of the Group except for the loss for the period.

Management Discussion and Analysis

Business Review and Strategy

For the three months ended 31 March 2009, the Group recorded turnover of HK\$4.9 million, represented a 16% increase from the same period in 2008. Compared to the loss of HK\$6.1 million in the first quarter of 2008, loss for the period of the Group was HK\$3.8 million, which was mainly attributable to the effective cost control.

Liquidity and Financial Resources

During the three months ended 31 March 2009, the Group's operation was mainly financed by the internal financial resources and substantial shareholder of the Group.

As at 31 March 2009, the Group had net current liabilities of HK\$15.0 million (31 December 2008: net current assets of HK\$26.9 million). Current assets comprised bank balances and cash of HK\$13.0 million, inventories of HK\$14.1 million, trade and bills receivables of HK\$3.2 million and other receivables of HK\$15.7 million. Current liabilities comprised trade payables of HK\$8.3 million, other payables, accrued expenses and receipts in advance of HK\$20.5 million, borrowings of HK\$18.0 million and convertible notes with expiry within one year of HK\$14.2 million.

As at 31 March 2009, the gearing ratio of the Group which is measured by total borrowings to total equity was 2.27 (31 March 2008: zero).

Prospects

Since the Group has invested in Kailun PV (Jining) in June 2008, construction of our new factory as well as order, installation and testing of new production facilities and equipment were carried out immediately.

The Company will also continue to look for investment and cooperation opportunities in the new energy and resources sector.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2009, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be 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 required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, relating to the required standards of dealing by directors of listed issuers, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the ordinary shares of HK\$0.001 each of the Company

Name of Director	Number of Ordinary Shares			Approximate % of Shareholding
	Beneficial Owner	Interests of Controlled Corporation	Total	
HE Xuechu	–	2,555,000,000 (Note)	2,555,000,000	74.87%

Note: The 2,555,000,000 shares were held by Hong Bridge Capital Limited ("Hong Bridge"). Hong Bridge is wholly owned by Mr. HE Xuechu.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

(2) Long positions in the underlying shares of the Company

Share Option Scheme

The Company's existing share option scheme (the "Scheme") was adopted on 20 December 2001 and became effective on 8 January 2002. Particulars and movements of the outstanding share options granted under the Scheme during the three months ended 31 March 2009 were as follows:–

Name or category of participant	Number of share options					Outstanding as at 31/12/2009	Date of grant of share options (Note a)	Exercise period of share options	Subscription price per share HK\$	Price per share immediately preceding the grant date of share options (Note b)	Price per share immediately preceding the exercise date of share options (Note c)
	Outstanding as at 01/01/2009	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period					HK\$	HK\$
Directors											
LIU Wei, William	10,000,000	–	–	–	–	10,000,000	22/11/2007	22/05/2008 – 07/01/2012	1.20	1.20	N/A
SHI Lixin	10,000,000	–	–	–	–	10,000,000	22/11/2007	22/05/2008 – 07/01/2012	1.20	1.20	N/A
Sub-total	20,000,000	–	–	–	–	20,000,000					
Employees											
	1,200,000	–	–	–	–	1,200,000	22/11/2007	22/05/2008 – 07/01/2012	1.20	1.20	N/A
Others											
	240,000	–	–	–	–	240,000	15/04/2002	15/04/2003 – 07/01/2012	0.69	0.68	N/A
Total	21,440,000	–	–	–	–	21,440,000					

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

(2) Long positions in the underlying shares of the Company (Continued) Share Option Scheme (Continued)

Notes:

- (a) All share options granted on 15 April 2002 are subject to a vesting period and becoming exercisable in whole or in part in the following manner:

From the date of grant of share options	Exercisable Percentage
Within 12 months	Nil
13th – 24th months	33 $\frac{1}{3}$ %
25th – 36th months	33 $\frac{1}{3}$ %
37th – 48th months	33 $\frac{1}{3}$ %

Share options granted on 22 November 2007 are subject to a vesting period of six months and becoming exercisable in whole after then.

- (b) The price of the Shares disclosed as immediately preceding the grant date of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the share options.
- (c) The weighted average closing price of the Shares immediately before the date on which the options were exercised.

Convertible Securities, Options, Warrants or Similar Rights

On 16 October 2007, convertible notes of HK\$14.7 million with an initial conversion price of HK\$0.007 per conversion share of the Company were issued to Hong Bridge, a company wholly owned by Mr. HE Xuechu.

During the three months ended 31 March 2009, there was no conversion of the Company's outstanding convertible notes.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 March 2009, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

So far as is known to any Director or chief executive of the Company, as at 31 March 2009, shareholders (other than Directors or chief executives of the Company) who had interests or short positions 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, which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions of substantial shareholders in the ordinary shares of HK\$0.001 each of the Company

Name of shareholder	Number of ordinary shares held		Total number of shares held	Approximate percentage of shareholding
	Direct interest	Interest of controlled corporation		
Hong Bridge	2,555,000,000 (Note a)	–	2,555,000,000	74.87%
NG Hung Sang	18,102,800	288,276,403 (Note b)	306,379,203	8.98%

Notes:

- (a) Hong Bridge is wholly owned by Mr. HE Xuechu, the Chairman of the Company.
- (b) Mr. NG Hung Sang has control over the following corporations that have direct interest in the Company.

Name of controlled corporation	Percentage control	Direct interest in the Company
Fung Shing Group Limited	100%	99,012,563
Ronastar Investments Limited	100%	4,166,400
Parkfield Holdings Limited	100%	92,966,000
Eartrade Investments Limited	60%	32,805,600
Bannock Investment Limited	100%	59,325,840
		288,276,403

Save as disclosed above, as at 31 March 2009, the Company had not been notified by any other persons (other than the Directors or chief executives of the Company) who had interests or short positions 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' and Management Shareholders' Interests in Competing Business

Mr. FOK Hon, an Independent Non-Executive Director of the Company, is also an executive director of All Leaders Publication Group Limited. Since All Leaders Publication Group Limited is engaged in the media and publishing business, Mr. FOK is regarded as interested in such competing business of the Group.

Save as disclosed above, none of the Directors or the management shareholders (as defined under the GEM Listing Rules) of the Company or their respective associates had any interest in a business which competes or may compete or had any conflicts of interest with the business of the Group for the three months ended 31 March 2009.

Code on Corporate Governance Practices

The Company complied with the Code on Corporate Governance Practices (the "CG Code") of the GEM Listing Rules throughout the three months ended 31 March 2009.

Compliance With the Model Code

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.68 of the GEM Listing Rules for Directors.

All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standards of dealings and its code of conduct regarding the directors' securities transaction throughout the three months ended 31 March 2009.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting and internal control procedures of the Group. The audit committee comprises three members, Mr. CHAN Chun Wai, Tony (Committee Chairman), Mr. FOK Hon and Mr. MA Gang, who are Independent Non-Executive Directors of the Company.

The Group's unaudited results for the three months ended 31 March 2009 were reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended 31 March 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

As at the date of this report, the Board comprises (1) Mr. HE Xuechu, Mr. LIU Wei, William and Mr. SHI Lixin as Executive Directors; and (2) Mr. CHAN Chun Wai, Tony, Mr. FOK Hon and Mr. MA Gang as Independent Non-Executive Directors.

On behalf of the Board

HE Xuechu

Chairman

Hong Kong, 12 May 2009