



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

Honbridge

THIRD QUARTERLY REPORT

2008



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CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report (this “Report”), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.

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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 and nine months ended 30 September 2008, together with the comparative unaudited figures for the corresponding periods in 2007, as follows:

CONSOLIDATED INCOME STATEMENT – UNAUDITED

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue	2	27,441	20,275	45,096	60,880
Cost of sales		(21,341)	(12,574)	(34,572)	(39,176)
Gross profit		6,100	7,701	10,524	21,704
Other operating income		171	96	292	155
Selling and distribution costs		(2,276)	(6,179)	(6,647)	(15,398)
Administrative expenses		(3,974)	(2,312)	(11,655)	(5,312)
Other operating expenses		–	(362)	–	(479)
Operating profit (loss)		21	(1,056)	(7,486)	670
Finance cost		(457)	–	(962)	–
Profit (Loss) before income tax	3	(436)	(1,056)	(8,448)	670
Income tax expense	5	–	–	–	–
Profit (Loss) for the period		(436)	(1,056)	(8,448)	670
Attributable to:					
Equity holders of the Company		(818)	(1,056)	(8,853)	670
Minority interests		382	–	405	–
		(436)	(1,056)	(8,448)	670
Earnings (loss) per share for profit (loss) attributable to the equity holders of the Company during the period					
– Basic	7	HK(0.02) cent	HK(0.21) cent	HK(0.26) cent	HK0.13 cent
– Diluted	7	N/A	N/A	N/A	HK0.13 cent

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Notes:

1 BASIS OF PRESENTATION

The unaudited consolidated financial statements for the three months and nine months ended 30 September 2008 have not been audited by the Company's auditors but have 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, and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

These financial statements should be read, where relevant, in conjunction with the 2007 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 2007.

2 REVENUE

Revenue, which is also the Group's turnover, represents the income generated from the sale of highly purified silicon and the publication of magazines.

3 PROFIT (LOSS) BEFORE INCOME TAX

During the three months and nine months ended 30 September 2008, profit (loss) before income tax is arrived at after charging depreciation of approximately HK\$539,000 and HK\$780,000 respectively (three months and nine months ended 30 September 2007: HK\$67,000 and HK\$225,000 respectively) in respect of the Group's property, plant and equipment.

4 SEGMENT INFORMATION

(a) Geographical segments

An analysis of the Group's revenue by geographical location* is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
The People's Republic of China except Hong Kong (the "PRC")	20,426	2,545	26,291	6,719
Hong Kong Special Administrative Region ("Hong Kong")	7,015	17,730	18,805	54,161
	27,441	20,275	45,096	60,880

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An analysis of the Group's profit (loss) by geographical location* is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
The PRC	954	(1,721)	1,012	(4,565)
Hong Kong	(1,390)	665	(9,460)	5,235
	(436)	(1,056)	(8,448)	670

* Revenue and profit (loss) contribution by geographical location is determined on the basis of the customers.

(b) Business segments

An analysis of Group's revenue by business segment is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Sale of highly purified silicon	20,426	–	26,291	–
Publication of magazines	7,015	20,275	18,805	60,880
	27,441	20,275	45,096	60,880

An analysis of the Group's profit (loss) by business segment is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Sale of highly purified silicon	954	–	1,012	–
Publication of magazines	36	(1,056)	(2,556)	670
Unallocated	(1,426)	–	(6,904)	–
	(436)	(1,056)	(8,448)	670

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5 INCOME TAX EXPENSE

No Hong Kong Profits tax has been provided as the Group had no estimated assessable profit arising in or derived from Hong Kong during the three months and nine months ended 30 September 2008 (three months and nine months ended 30 September 2007: Nil). No PRC enterprise income tax was provided as the Group has accumulated tax losses brought forward.

6 DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the nine months ended 30 September 2008 (nine months ended 30 September 2007: Nil).

7 EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share for the three months and nine months ended 30 September 2008 are based on the loss attributable to the equity holders of the Company of HK\$818,000 and HK\$8,853,000 (three months and nine months ended 30 September 2007: loss of HK\$1,056,000 and profit: HK\$670,000) and on the 3,412,719,716 shares in issue (three months and nine months ended 30 September 2007: weighted average number of 509,422,325 and 507,697,005 shares in issue respectively).

For the three months and nine months ended 30 September 2008 and the three months ended 30 September 2007, no diluted loss per share has been presented because the outstanding share options had an anti-dilutive effect.

The diluted earnings per share for the nine months ended 30 September 2007 is based on the profit attributable to equity holders of the Company of HK\$670,000 and the weighted average number of 508,271,573 shares in issue during the period after adjusting for the effect of all dilutive potential shares.

8 MOVEMENT OF RESERVES

Movement in reserves:–

	Three months ended 30 September		Nine months ended 30 September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Profit (loss) attributable to the equity holders of the Company during the period	(818)	(1,056)	(8,853)	670
Effect on exercise of share options	–	2,585	–	3,277
	(818)	1,529	(8,853)	3,947

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MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Strategy

During the third quarter of 2008, the Group recorded turnover of HK\$27.4 million which comprised HK\$20.4 million from the sale of highly purified silicon and HK\$7.0 million from the publication of magazines. Loss for the third quarter was HK\$0.4 million, cutting from the first quarter of HK\$6.1 million and second quarter of HK\$1.9 million.

During the third quarter of the year, the subsidiary that engaged in the production and sale of highly purified silicon and the research and development of solar grade silicon contributed profit of HK\$1.0 million to the Group. Profit from publication of magazines amounted to HK\$36,000.

Looking back to the third quarter, highly purified silicon business had been well implemented according to the direction and plan set by the Group. The business was rather stable. Product quality continued to improve and the cost of production decreased slightly.

Liquidity and Financial Resources

During the nine months ended 30 September 2008, the Group's operation was mainly financed by internal financial resources of the Group and the substantial shareholder of the Company.

As at 30 September 2008, the Group had net current assets of approximately HK\$19.5 million (31 December 2007: HK\$31.1 million). The current assets comprised bank balances and cash of HK\$9.0 million, trade and bills receivables of HK\$10.0 million, other receivables and prepayment of HK\$28.8 million and inventories of HK\$11.9 million. The current liabilities comprised trade payables of HK\$8.8 million, other payables, accrued expenses and receipts in advance of HK\$29.6 million and borrowings of HK\$9.3 million.

As at 30 September 2008, the gearing ratio of the Group which is measured by total borrowings to total equity was 1.40 (31 December 2007: zero).

The Board is of the opinion that taking into account the internal financial resources of the Group and the financial support provided by the substantial shareholder, the Group has sufficient working capital for its present requirements.

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Prospects

In this quarter, sales revenue and the profit from the sale of highly purified silicon are significantly higher than those from the publication of magazines. The Group has already stepped into the solar photovoltaic industry.

The Board is putting effort in the detailed research and investment plan to commercialise the production of higher graded purified silicon. The Board expect that higher value-added and higher margin products can strengthen the Group's income base so as to maximise our shareholders' wealth.

The Group do not have any structured financial products. The Group is well alert to the recent financial tsunami that has affected the global economy. Although there is no direct adverse impact of the financial tsunami on the Group, with the rapid changes in the external environment, the Group will further strengthen its corporate governance and financial control. The Group will follow the goal as set by the Board to try to implement the Group's business plan ahead of schedule.

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

As at 30 September 2008, 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 Percentage of Shareholding
	Beneficial Owner	Interests of Controlled Corporation(s)	Total	
HE Xuechu	–	2,555,000,000 <i>(Note)</i>	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.

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(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 period for the nine months ended 30 September 2008 (the "Period") were as follows:-

Name or category of participant	Number of share options					Outstanding as at 30/09/2008	Date of grant of share options (Note a)	Exercise period of share options	Subscription price per share HK\$	Price per share	Price per share
	Outstanding as at 01/01/2008	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period					immediately preceding the grant date of share options (Note b)	immediately preceding the exercise date of share options (Note c)
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					

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.

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- (b) The price of the Shares disclosed as immediately preceding the grant date of 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.
- (d) As no share options were granted during the nine months ended 30 September 2008, no consideration in respect of share options was received and the disclosure of value of options granted during the Period is also not applicable.

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 nine months ended 30 September 2008, 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 30 September 2008, 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.

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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 30 September 2008, 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			Approximate percentage of shareholding
	Direct Interest	Interest of controlled corporation	Total number of shares held	
Hong Bridge	2,555,000,000 <i>(Note a)</i>	–	2,555,000,000	74.87%
NG Hung Sang	18,102,800	288,276,403 <i>(Note b)</i>	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
Earntrade Investments Limited	60%	32,805,600
Bannock Investment Limited	100%	59,325,840
		288,276,403

Save as disclosed above, as at 30 September 2008, 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.

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DIRECTORS' AND MANAGEMENT SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Mr. FOK Hon, an Independent Non-executive Director of the Company, is also the managing director of All Leaders Publication Group Limited. All Leaders Publication Group Limited is engaged in the publication 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 nine months ended 30 September 2008.

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 nine months ended 30 September 2008.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 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 nine months ended 30 September 2008.

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 and nine months ended 30 September 2008 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.

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

During the nine months ended 30 September 2008, 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, 10 November 2008