HONBRIDGE HOLDINGS LIMITED

洪 橋 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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This Announcement, 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 Growth Enterprise Market 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 Announcement 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 Announcement misleading; and (iii) all opinions expressed in this Announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This Announcement will remain on the “Latest Company Announcements” page of the GEM website www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at www.8137.hk.

GROUP RESULTS

The board of directors (the "Board") of Honbridge Holdings Limited (the "Company") announced the annual consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008 together with the comparative audited figures for last financial year as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTES	**2008** HK$'000	2007 HK$'000
Revenue	4	**55,091**	67,843
Direct operating expenses		**(39,864)**	(43,696)
Other operating revenue		**480**	192
Selling and distribution costs		**(7,101)**	(17,271)
Administrative expenses		**(15,095)**	(9,998)
Other operating income		**–**	5,480
Other operating expenses		**(10,880)**	(852)
Other operating (expenses)/income, net		**(10,880)**	4,628
Operating (loss)/profit		**(17,369)**	1,698
Finance costs		**(2,575)**	(169)
(Loss)/profit before income tax	5	**(19,944)**	1,529
Income tax expense	7	**–**	–
(Loss)/profit for the year		**(19,944)**	1,529
Attributable to:			
Equity holders of the Company		**(15,729)**	1,529
Minority interest		**(4,215)**	–
(Loss)/profit for the year		**(19,944)**	1,529
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year	9		
– Basic		**HK(0.46) cent**	HK0.14 cent
– Diluted		**N/A**	HK0.11 cent

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	NOTES	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**27,178**	1,293
Prepaid land lease payments		**21,285**	–
Goodwill		**35,686**	–
Deposits		**3,460**	–
		87,609	1,293
Current assets			
Inventories		**14,069**	–
Trade and bills receivables	*10*	**6,152**	5,414
Prepayment and other receivables		**9,100**	1,300
Cash and cash equivalents		**20,776**	33,752
		50,097	40,466
Current liabilities			
Trade payables	*11*	**7,510**	5,375
Other payables, accrued expenses and receipts in advance		**22,349**	4,017
Borrowings		**18,112**	–
Convertible bonds		**14,001**	–
		61,972	9,392
Net current (liabilities)/assets		**(11,875)**	31,074
Total assets less current liabilities		**75,734**	32,367
Non-current liabilities			
Borrowings		**937**	–
Loans from ultimate holding company		**43,292**	–
Convertible bonds		**–**	13,169
Deferred tax liabilities		**693**	–
		44,922	13,169
Net assets		**30,812**	19,198
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**3,413**	3,413
Reserves		**7,713**	15,785
		11,126	19,198
Minority interest		**19,686**	–
Total equity		**30,812**	19,198

NOTES:

1. GENERAL INFORMATION

The Group is principally engaged in the production and sale of highly purified silicon and is also engaged in publication of magazines.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2008.

HK (IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HKAS 39 (Amendments)	Reclassification of Financial Assets

The new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 7 (Amendment)	Improving Disclosure about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 2 (Amendment)	Members' Shares in Co-operative Entities and Similar Instruments[1]
HK(IFRIC) – Int 9 and HKAS 39 (Amendment)	Reassessment of Embedded Derivatives[6]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[2]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[5]
Various	Annual Improvements to HKFRS 2008[7]

Notes:

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for transfer received on or after 1 July 2009
6 Effective for annual periods ending on or after 30 June 2009
7 Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS

2. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

Among these new standards and interpretations, HKAS 1 (Revised) Presentation of Financial Statements is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 Operating Segments may result in new or amended disclosures. The directors of the Company are in the progress of identifying reportable operating segments as defined in HKFRS 8.

The directors of the Company are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the directors of the Company have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

3. BASIS OF PREPARATION

In preparing the financial statements for the year ended 31 December 2008, the directors of the Company have given considerations to the future financial positions of the Group and the Company in light of the net current liabilities of approximately HK$11,875,000 (2007: net current assets: HK$31,074,000) and HK$11,948,000 (2007: net current assets: HK$31,075,000), respectively as at 31 December 2008 and the Group's loss attributable to the equity holders of the Company for the year of approximately HK$15,729,000 for the year ended 31 December 2008 (2007: a profit of HK$1,529,000). The directors of the Company are taking active steps to improve the financial positions of the Group and the Company as described below.

The financial statements have been prepared on the assumption that the Group and the Company will continue to operate as a going concern notwithstanding these conditions prevailing as at 31 December 2008 and subsequently thereto up to the date of approval of these financial statements. In order to improve the Group's and the Company's financial positions, immediate liquidity and cash flows, the directors of the Company have adopted several measures together with other measures in progress at the date of approval of these consolidated financial statements which include, but not limited to, the following :

(i) Hong Bridge Capital Limited ("Hong Bridge") provides continuing financial support to the Group and expresses its willingness to provide adequate funds for the Group to meet its liabilities and obligations as and when they fall due for the period at least up to 31 December 2009;

(ii) Mr. Liu Xiangmao, a 40% minority equity holder of the Group's major subsidiary, Divine Mission Holdings Limited, provides continuing financial support to Divine Mission Holdings Limited and its subsidiaries ("Divine Mission Group"), and expresses his willingness to provide adequate funds for Divine Mission Group to meet its liabilities and obligations as and when they fall due for the period at least up to 31 December 2009;

(iii) Hong Bridge undertakes that on or before the maturity date on 16 October 2009 of the convertible bond in the principal amount of HK$14,700,000, Hong Bridge will either convert the convertible bond into ordinary shares of the Company or will enter into at least one year term of new convertible bond arrangement with the Company; and

3. BASIS OF PREPARATION (continued)

(iv) The Group is at the final stage to complete new silicon production line. These newly developed silicon products are having substantially higher selling prices and market demand than its existing products.

As such, the directors of the Company are satisfied that both the Group and the Company will be able to meet in full their financial obligations as they fall due for the foreseeable future without significant curtailments of operations. Accordingly, the financial statements have been prepared on a going concern basis.

Should these measures be failed or insufficient, or should the going concern basis be inappropriate, adjustments would have to be made to the financial statements to write down the value of the Group's and the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of the potential adjustments has not been reflected in the financial statements.

Details of which are also disclosed in note 3.1 to the consolidated financial statements.

4. 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 year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Sale of silicon products	**29,626**	–
Sale of magazines	**3,283**	9,575
Advertising income	**12,598**	43,783
Promotion and marketing income	**9,584**	14,485
	55,091	67,843

5. (LOSS)/PROFIT BEFORE INCOME TAX

For the year ended 31 December 2008, loss before income tax is arrived at after charging cost of inventories recognised as expense of HK$26,170,000 (2007: nil), impairment of property, plant and equipment of HK$5,349,000 (2007: nil), impairment of inventories of HK$5,139,000 (2007: nil) and depreciation of HK$1,639,000 (2007: HK$285,000).

6. 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.

6. **SEGMENT INFORMATION (continued)**

Primary reporting format – business segments (continued)

Year ended 31 December 2008

	Silicon products *HK$'000*	**Publications** *HK$'000*	**Total** *HK$'000*
Segment revenue	29,626	25,465	55,091
Segment results	(9,910)	76	(9,834)
Unallocated income			172
Unallocated expenses			(7,707)
Finance costs			(2,575)
Loss before income tax			(19,944)
Income tax expense			–
Loss for the year			(19,944)
Segment assets	109,417	6,545	115,962
Unallocated assets			21,744
Total assets			137,706
Segment liabilities	22,117	7,725	29,842
Unallocated liabilities			77,052
Total liabilities			106,894
Capital expenditure	53,848	112	53,960
Depreciation	1,556	83	1,639
Amortisation charge	259	–	259
Reversal of impairment and written off of receivables	–	(52)	(52)
Impairment of property, plant and equipment	5,349	–	5,349
Impairment of inventories	5,139	–	5,139
Loss on disposals of property, plant and equipment	1	–	1

For the year ended 31 December 2007, no business segment information is presented as the Group's operation related solely to the magazine publication.

6. 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:

	2008	2007
	HK$'000	*HK$'000*
Hong Kong	**25,465**	61,682
Mainland China	**29,626**	6,161
	55,091	67,843

The following is an analysis of the carrying amount of segment assets, and additional to property, plant and equipment and prepaid land lease payments, analysed by the geographical areas in which the assets are located.

	Segment assets		**Capital expenditure**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**10,847**	41,759	**146**	1,518
Mainland China	**126,859**	–	**53,814**	–
	137,706	41,759	**53,960**	1,518

7. INCOME TAX EXPENSE

For each of the years ended 31 December 2008 and 31 December 2007, no provision for Hong Kong profits tax has been provided in the financial statements as the Group has tax losses brought forward from previous years to offset against the assessable profit derived from Hong Kong for the years.

Taxation on profits assessable elsewhere have been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during both years.

The Hong Kong Special Administrative Region Government enacted a reduction in the Profits Tax Rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Accordingly, the relevant current and deferred tax liabilities have been calculated using the new tax rate of 16.5%.

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises were unified at 25% and became effective from 1 January 2008. Subsequent to 16 March 2007, the implementation measure on transitional policy of preferential tax rate was announced and the Group's entitlement to the tax holiday and tax relief is still applicable. Upon expiry of the tax holiday and tax relief, the new PRC enterprise income tax rate of 25% is applicable to 濟寧凱倫光伏材料有限公司 ("Kailun PV (Jining)"), being a subsidiary of the Group established as wholly foreign-owned enterprise in the People's Republic of China (the "PRC").

8. DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2008 (2007: Nil).

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK$15,729,000 (2007: profit of HK$1,529,000) and on the weighted average of approximately 3,412,720,000 (2007: 1,120,782,000) ordinary shares in issue during the year.

(b) Dilutive (loss)/earnings per share

For the year ended 31 December 2008, diluted loss per share was not presented because the impact of the exercise of the share options and convertible bonds was anti-dilutive.

For the year ended 31 December 2007, the calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company of HK$1,698,000 and the weighted average number of ordinary shares of 1,563,846,000, calculated as follows:

(i) Profit attributable to equity holders of the Company (diluted)

	2007 *HK$'000*
Profit attributable to equity holders of the Company	1,529
After tax effect of imputed interest on liability component of convertible bonds	169
	1,698

(ii) Weighted average number of ordinary shares (diluted)

	2007 *'000*
Weighted average number of ordinary shares at 31 December	1,120,782
Effect of deemed issue of shares under the Company's share option scheme	50
Effect of deemed issue of shares on conversion of convertible bonds	443,014
Weighted average number of ordinary shares (diluted) at 31 December	1,563,846

10. TRADE AND BILLS RECEIVABLES

The Group allows a credit period from 30 days to 120 days to its trade customers. The following is an aged analysis of net trade and bills receivables at the balance sheet date:

	2008 *HK$'000*	2007 *HK$'000*
0 – 30 days	**2,518**	2,342
31 – 60 days	**1,455**	1,622
61 – 90 days	**469**	174
91 to 180 days	**1,495**	1,243
Over 180 days	**215**	33
	6,152	5,414

11. TRADE PAYABLES

The credit terms of trade payables vary according to the terms agreed with different suppliers. The following is an aged analysis of trade payables at the balance sheet date:

	2008 *HK$'000*	2007 *HK$'000*
0 – 30 days	**363**	511
31 – 60 days	**694**	1,172
61 – 90 days	**2,054**	1,394
91 – 180 days	**1,894**	1,448
Over 180 days	**2,505**	850
	7,510	5,375

12. MOVEMENT OF EQUITY

	2008 *HK$'000*	2007 *HK$'000*
At beginning of the year	**19,198**	(7,001)
(Loss)/profit for the year	**(19,944)**	1,529
Total recognised income and expense for the year	**(19,944)**	1,529
Arising from acquisition of subsidiaries	**23,852**	–
Arising from loans from ultimate holding company	**4,877**	–
Disposals of subsidiaries	**–**	69
Proceeds from issuance of shares	**–**	20,300
Share issuance expenses	**–**	(1,431)
Proceeds from shares issued under share option scheme	**–**	3,283
Recognition of equity component of convertible bonds	**–**	1,700
Recognition of equity-settled share-based compensation	**2,706**	749
Currency translation	**123**	–
At end of the year	**30,812**	19,198

EXTRACT OF AUDIT OPINION FROM THE INDEPENDENT AUDITORS' REPORT OF GRANT THORNTON, CERTIFIED PUBLIC ACCOUNTANTS, HONG KONG, ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2008

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter – material uncertainty regarding the going concern assumption

Without qualifying our opinion, we draw your attention to note 3.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at 31 December 2008, the Group and the Company had net current liabilities of approximately HK$11,875,000 and HK$11,948,000 respectively and the Group also incurred a loss attributable to the equity holders of the Company of approximately HK$15,729,000 for the year then ended. These conditions, along with other matters as disclosed in note 3.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 20 May 2008, the Group acquired a company situated at Jining, Shandong engaging in the production and sale of highly purified silicon and the research and development of solar graded silicon. The company contributed turnover of HK$29.6 million to the Group during the year.

The Group has transformed its major business from the publication of magazines to the production and sale of silicon products during the year.

BUSINESS REVIEW (continued)

For the year ended 31 December 2008, the Group's turnover decreased by 19% to HK$55.1 million. Compared to a profit of HK$1.5 million for the year 2007, the Group incurred a loss for the year. Loss for the year of the Group was HK$19.9 million, mainly due to the impairment of property, plant and equipment of HK$5.3 million, and impairment of inventories of HK$5.1 million. The causes of impairment are the recent financial turmoil that affected global metal material prices, leading to significant drop in price of our Group's current main products lower graded silicon, and the fact that our Group has not yet commenced 4-5N graded silicon production. Disregard the share-based payment of share options issued to employees amounting to HK$2.7 million, deemed convertible notes interest expenses of HK$0.8 million and deemed interest on loans from ultimate holding company of HK$1.2 million recognised during the year, actual loss before share-based payment, convertible notes interest and interest on loans from ultimate holding company for the year of the Group should be HK$15.2 million.

Our Hong Kong operation achieved a turnover of HK$25.5 million in 2008, representing a 59% decrease compared to 2007. Loss for the year HK$9.5 million compared to a profit of HK$1.7 million in 2007 is mainly attributable to the increasing competitiveness of publication business and the reduction in advertising income.

Our Mainland China operation accounted for a turnover of HK$29.6 million for 2008, representing a 381% increase compared to 2007. Loss for the year has been increased by 115% to HK$10.4 million, which is mainly due to the impairment of property, plant and equipment, and inventories.

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. As a result of the outbreak of the financial crisis, especially since the fourth quarter of 2008, the prices of the Company's existing products, lower graded silicon, dropped significantly. The fact that the Company has not yet commenced production of 4-5N silicon has a negative impact to our Group's business as a whole.

Despite the above, in the opinion of the Board, the fall in prices of solar graded silicon and its subsequent products in 2008 at the same time creates opportunities for the recovery of the solar energy market in 2009: government supports from different nations to the development of renewable energy will be on the rise, and that a brand new pattern of renewable energy industry led by solar energy will be formed particularly after the implementation of new energy policy by the new United States government. The Company believes that the global excessive demand over solar silicon supply will remain for a certain period of time, and a considerable force is thereby bound to be generated spurring the global solar energy market in which China-based enterprises are included. The Company will continue making every effort on different aspects such as technology breakthrough, product upgrade and cost control, striving for the production of highly value-added products and its commercialised sales as early as possible, straining for the best return to our shareholders.

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

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2008, the Group's operation was mainly financed by the internal financial resources of the Group.

As at 31 December 2008, the Group had net current liabilities of HK$11.9 million (2007: net current assets of HK$31.1 million). The current assets comprised cash and cash equivalents of HK$20.8 million, trade and bills receivables of HK$6.2 million, prepayment and other receivables of HK$9.1 million and inventories of HK$14.1 million. The current liabilities comprised trade payables of HK$7.5 million, other payables, accrued expenses and receipts in advance of HK$22.3 million, borrowings of HK$18.1 million and convertible bonds of HK$14.0 million.

As at 31 December 2008, the gearing ratio of the Group which is measured by total borrowings to total equity was 2.0 (2007: zero).

As at 31 December 2008, (i) the Group had no significant exposure to fluctuations in exchange rates and any related hedges; (ii) the Group had no charges on its assets; and (iii) the Group had no significant investment held.

MAJOR ACQUISITION

On 20 May 2008, an unanimous ordinary resolution was passed at an extraordinary general meeting of the Company to acquire a 60% equity interest in Divine Mission Holdings Limited ("Divine Mission"). Divine Mission is a company incorporated in British Virgin Islands holding 100% equity interests of Kailun PV (Jining). Kailun PV (Jining) is a wholly foreign owned enterprise established in Jining, Shandong, the PRC and is engaged in the production and sale of highly purified silicon and research and development in the production of solar graded silicon. Details of the acquisition have been disclosed in the circular of the Company dated 2 May 2008.

For the year ended 31 December 2008, in connection with that acquisition, the Group had injected US$8.0 million (equivalent to approximately HK$62.0 million) into Kailun PV (Jining) mainly for the enlargement of factory and the purchase of new equipment. The construction of the factory has already been completed and the equipment are in place. Successful developed new products have been commenced their testings for mass production.

SIGNIFICANT INVESTMENT PLANS

Save as disclosed above, as at 31 December 2008, the Group did not have any significant investment plans.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 31 December 2008, the total number of employees of the Group was 177 (2007: 48). Employees' cost (including directors' emoluments) amounted to HK$16.6 million for the year (2007: HK$18.4 million).

The Group considers its employees as its most valuable assets. In addition to salary, other fringe benefits such as medical subsidies, life insurance, provident fund and subsidised training programs are offered to all employees of the Group. Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employees may also receive a discretionary bonus at the end of each year based on performance. Share options have also been granted to certain employees of the Group.

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 year ended 31 December 2008. In view of good corporate governance practices, all Directors have agreed to comply with the GEM Listing Rules and that their term of appointment will be limited accordingly. Furthermore, every director of the Company, including those appointed for a specific term, voluntarily retires from his office by rotation at least once every three years notwithstanding that he is not required to do so by the Articles of Association of the Company.

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 year ended 31 December 2008.

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

During the year ended 31 December 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company had 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 Mr. Chan Chun Wai, Tony (Committee Chairman), Mr. Fok Hon and Mr. Ma Gang, who are Independent Non-Executive Directors of the Company. The audit committee has a term of 2 years.

AUDIT COMMITTEE (continued)

During the year, the audit committee held four meetings to review and comment on the Company's 2007 annual report, 2008 half-yearly report and quarterly reports as well as the Company's internal control procedures.

The Group's annual results for the year ended 31 December 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.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our shareholders for their continued support during 2008 and all staff for their hard work.

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. HE Xuechu *(Chairman)*
Mr. LIU Wei, William *(Chief Executive Officer)*
Mr. SHI Lixin

Independent Non-Executive Directors:
Mr. CHAN Chun Wai, Tony
Mr. FOK Hon
Mr. MA Gang

On behalf of the Board
HE Xue Chu
Chairman

Hong Kong, 26 March 2009