



UNIONBRIDGE
UNION BRIDGE HOLDINGS LIMITED
聯僑集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8047)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30TH JUNE 2007**

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

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The Stock Exchange takes no responsibility for the contents of this announcement, 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 announcement.

This announcement, for which the directors of Union Bridge Holdings Limited (the “Company”) 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 (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: (1) the information contained in this announcement 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 announcement misleading; and (3) 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.

* For identification purposes only

HIGHLIGHTS

For the three months ended 30th June 2007

- the turnover of the Group was approximately HK\$31,919,000 as compared to the turnover of approximately HK\$28,070,000 recorded in the corresponding period last year.
- the profit attributable to equity holders of the Company was approximately HK\$1,710,000 (2006: approximately HK\$521,000).
- the directors do not recommend the payment of any dividend (2006: nil).
- the earnings per share of the Company was approximately HK0.16 cents (2006: approximately HK0.13 cents).

FINANCIAL RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30th June 2007 together with the comparative unaudited figures for the corresponding period in 2006 as follows:

Unaudited Consolidated Income Statement

		Three months ended 30th June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	Notes 3	31,919	28,070
Cost of sales		(20,910)	(21,767)
Gross profit		11,009	6,303
Other revenue		924	130
Distribution costs		(186)	(206)
Administrative expenses		(5,711)	(4,202)
Profit from operating activities		6,036	2,025
Finance costs		(1,800)	(1,442)
Profit before income tax		4,236	583
Income tax	4	(716)	(62)
Profit for the period		3,520	521
Attributable to:			
Equity holders of the Company		1,710	521
Minority interests		1,810	–
Dividends	7	–	–
Earnings per share			
– Basic (cent)	5	0.16	0.13
– Diluted (cent)		0.16	N/A

Notes:

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the GEM of the Stock Exchange.

The Group is principally engaged in the research, development, provision of information-on-demand system solutions and the provision of related products and services and a full range of design, engineering and manufacturing services to high-end brand-named users in the industry as well as the provision of mobile payment gateway services.

2. Basis of presentation

The unaudited consolidated results have been prepared under the historical cost convention, except for available-for-sale financial assets and financial assets at fair value through profit and loss, which have been measured at fair value and promissory notes which have been measured at amortised cost and in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) (collectively referred to as the “New HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31st March 2007.

3. Turnover

Turnover represents the net invoiced value of goods sold, after sales discounts where applicable and services rendered. All significant intra-group transactions have been eliminated on consolidation.

	Three months ended	
	30th June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover		
Trading of internet appliances and related products	–	1,388
Trading and manufacturing of electronic devices and components	25,774	25,075
Design and engineering services	434	1,607
Mobile payment gateway services	5,711	–
	<u>31,919</u>	<u>28,070</u>

4. Income tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the balance sheet date (2006: Nil).

5. Earnings per share

The calculation of basic earnings per share for the three months ended 30th June 2007 was based on the unaudited net profit attributable to equity holders of the Company of approximately HK\$1,710,000 (2006: approximately HK\$521,000) and the weighted average number of 1,068,886,951 (2006: 402,692,000) ordinary shares of the Company.

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the three months ended 30th June 2007, the Company had one category of dilutive potential ordinary shares: share options.

	Three months ended 30th June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit used to determine diluted earnings per share	1,710	521
Weighted average number of ordinary shares in issue	1,068,886,951	402,692,000
Adjustments for assumed exercise of share options	11,953,125	–
Weighted average number of ordinary shares of diluted earnings per share	1,080,840,076	402,692,000
	2007	2006
Diluted earnings per share	HK0.16 cents	N/A

No diluted earnings per share had been presented for the three months ended 30th June 2006 as there were no diluting events existed during the three months ended 30th June 2006.

6. Reserves

	Share premium (Unaudited) <i>HK\$'000</i>	Contributed surplus (Unaudited) <i>HK\$'000</i>	Exchange reserve (Unaudited) <i>HK\$'000</i>	Convertible notes reserve (Unaudited) <i>HK\$'000</i>	Share option reserve (Unaudited) <i>HK\$'000</i>	Retained profits/ losses (accumulated) (Unaudited) <i>HK\$'000</i>	Sub-total (Unaudited) <i>HK\$'000</i>	Minority interests (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
At 1st April 2006	11,152	6,015	96	885	-	(17,856)	292	1,988	2,280
Issue of Shares under the placing	15,000	-	-	-	-	-	15,000	-	15,000
Share issue expenses	(811)	-	-	-	-	-	(811)	-	(811)
Exercise of share options	2,640	-	-	-	-	-	2,640	-	2,640
Net profit for the period	-	-	-	-	-	521	521	-	521
At 30th June 2006	<u>27,981</u>	<u>6,015</u>	<u>96</u>	<u>885</u>	<u>-</u>	<u>(17,335)</u>	<u>17,642</u>	<u>1,988</u>	<u>19,630</u>
At 1st April 2007	57,163	6,015	1,205	-	2,480	(26,973)	39,890	4,567	44,457
Issue of Shares under the placing	46,200	-	-	-	-	-	46,200	-	46,200
Share issue expenses	(1,853)	-	-	-	-	-	(1,853)	-	(1,853)
Exercise of share options	1,871	-	-	-	(363)	-	1,508	-	1,508
Arising on consolidation of subsidiaries	-	-	89	-	-	-	89	92	181
Net profit for the period	-	-	-	-	-	1,710	1,710	1,810	3,520
At 30th June 2007	<u>103,381</u>	<u>6,015</u>	<u>1,294</u>	<u>-</u>	<u>2,117</u>	<u>(25,263)</u>	<u>87,544</u>	<u>6,469</u>	<u>94,013</u>

7. Dividends

The directors do not propose the payment of any dividend for the three months ended 30th June 2007 (2006: Nil).

REVIEW AND PROSPECT

General

The Group is principally engaged in the research, development, provision of information-on-demand system solutions and the provision of related products and services and a full range of design, engineering and manufacturing services to high-end brand-named users in the industry as well as the provision of mobile payment gateway services.

Financial review

For the three months ended 30th June 2007, the Group recorded a turnover of approximately HK\$31,919,000 which increased by approximately 13.7% compared to the previous corresponding period. Turnover from the design and engineering services amounted to approximately HK\$434,000, contributing 1.4% of the Group's turnover, whereas turnover from the trading and manufacturing of electronic devices and components amounted to approximately HK\$25,774,000 contributing 80.7% of the Group's turnover. There was no income recorded from trading of internet appliances and related products because there was no order received during this period. The Group was trying to promote the electronic products to the internet appliance customers. The gross profit margin increased from approximately 22.5% in the previous corresponding period to approximately 34.5% in the current period. The increase was due to the consolidation of the results of the Media Magic Technology Limited and its subsidiaries ("Media Magic Group") which contributed high gross profit margin.

The accounts of the Media Magic Group were consolidated into the Group upon the completion of its acquisition on 5th January 2007. Media Magic Group engaged in the provision of mobile payment gateway services. For the three months ended 30th June 2007, turnover from the mobile payment gateway services amounted to approximately HK\$5,711,000 contributing approximately 17.9% of the Group's turnover. The monthly turnover increased at an average rate of approximately 26.3% during these three months. The high gross profit margin of over 60% of the sector has resulted in the improvement of the overall gross profit of the Group. The provision of mobile payment gateway services includes the sale and subscription of the IP cards, the virtual game cards and insurance services through the mobile payment gateway platform. The Media Magic Group has commenced the operation of its mobile payment gateway services in 5 major provinces and municipal cities in the PRC covering Liaoning, Guangxi, Shanghai, Hunan and Jilin. It is expected that the operation will rapidly further expand to 16 other major provinces and municipal cities in the PRC such as Guangdong, Beijing, Chongqing, Fujian and Shandong in the second half of the year.

During the period, the Group had net profit attributable to equity holders of the Company of approximately HK\$1,710,000 as compared to approximately HK\$521,000 in the previous corresponding period. Distribution costs decreased by approximately 9.7% compared to the previous corresponding period. Administrative expenses increased by approximately 35.9% compared to the previous corresponding period as a result of the consolidation of the Media Magic Group.

Operation review

During the period under review, the trading and manufacturing of electronic devices and components remained the main source of the income of the Group. The profit margin for trading and manufacturing of electronic devices and components was low while it provided a stable income to the Group. The acquisition of the Media Magic Group not only diversified the sources of income for the Group but also improved the profit margin of the Group. Furthermore, the acquisition has provided cost and operation efficiency and other synergy to the Group. The Group will commit itself in controlling costs and improving the quality of the products. The mobile payment gateway services are still in the development stage. It is believed that the provision of mobile payment gateway services is of great potential and prospect in the PRC as there is an increasing number of the mobile phone users in PRC.

Prospects

The Group is cautiously optimistic about the prospects of the Group for the remaining of the financial year owing to the fast growth of the economic environment in the PRC and the improvement of the business environment in the whole world. Going forward, the Group will look for other opportunities to diversify its revenue base, explore new markets and develop new products. The Group will also continue to explore investment opportunities so as to optimize its shareholders' interests.

On 23rd April 2007, the Company completed the Placing and the Top up Subscription of 110,000,000 shares of the Company at HK\$0.47 per share. After completion, the total issued shares of the Company increased from 969,417,500 shares to 1,079,417,500 shares. The net proceeds was approximately HK\$49.7 million. The Company intends to use approximately HK\$16.57 million for general working capital of the Group and approximately HK\$33.13 million for investments in the mobile value-added service business of the telecommunication sector in the PRC and existing or future investment or business development of the Group.

On 15th June 2007, the Company announced that ordinary resolutions would be proposed at the special general meeting to be held on 23rd August 2007: (1) to approve the Revolving Facility to be granted by the Company to Multi Channel Technology Limited (“**Multi Channel**”) by way of Revolving Facility Letter of up to a maximum amount of HK\$22 million at any time during the 36 months from the date of the Revolving Facility Letter for financing the financial requirement of Multi Channel and its subsidiaries; and (2) to approve the Sale and Purchase Agreement dated 15th June 2007 entered into among Multi Channel, as purchaser, Mr. Yuan Sheng Jun and Ms. Gao Xiu Yun, as vendors and PalmPay Technology Co. Ltd. (北京互聯視通科技有限公司) (“**PalmPay** (互聯視通)”), as the target whereby Multi Channel has agreed to acquire and the Vendors have agreed to dispose of their entire interests in PalmPay (互聯視通) at a total consideration of RMB9,978,000.

On 17th July 2007, the Company announced that a special resolution would be proposed at the annual general meeting to approve the change of the Company's name from "Union Bridge Holdings Limited" to "Palmpay China (Holdings) Limited" and upon the name change becoming effective, the new Chinese name "中國掌付(集團)有限公司" will be adopted to replace "聯僑集團控股有限公司" for identification purpose.

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

As at 30th June 2007, the interests and short position of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors of the Company as referred to in Rules 5.46 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Directors	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Mr. Chan Hin Wing, James (<i>Note 1</i>)	Personal interest	9,550,000	0.88%
Mr. Cheng Kwong Chung (<i>Note 2</i>)	Personal interest	5,625,000	0.52%
Dr. Ho Hoi Lap	Personal interest	2,120,000	0.20%

Save as disclosed above, as at 30th June 2007, none of the directors nor the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Note 1: Mr. Chan was granted share options on 17th March 2007 to subscribe for 9,550,000 shares at a subscription price of HK\$0.31 per share.

Note 2: Mr. Cheng resigned as the executive director of the company on 11th July 2007 but remains as the directors of certain subsidiaries of the Group.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 18th October 2001 pursuant to a written resolution of the Company. Details of the movements in the number of share options during the period under the scheme were as follows:

Categories of grantees	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding as at 31/3/2007	Granted during the period	Exercised during the period	Outstanding as at 30/6/2007
Directors							
Mr. Wong Tak Shing (Resigned on 22nd May 2007)	12/03/2007	12/03/2007 – 11/03/2017	0.31	5,800,000	–	5,800,000	–
Mr. Chan Hin Wing, James	12/03/2007	12/03/2007 – 11/03/2017	0.31	9,550,000	–	–	9,550,000
Employees	12/03/2007	12/03/2007 – 11/03/2017	0.31	24,200,000	–	–	24,200,000
				39,550,000	–	5,800,000	33,750,000

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2007, other than the interests of a director or chief executive of the Company as disclosed under the heading “Directors’ and chief executive’s interests in shares, underlying shares and debentures” above, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Number of ordinary shares held	Approximate percentage of the shareholding in the Company
Starryland Profits Limited (<i>Note 1</i>)	322,795,000	29.74%
Lau Kim Hung, Jack (<i>Note 1</i>)	322,795,000	29.74%
Chan Yiu Kan, Katie (<i>Note 1</i>)	322,795,000	29.74%
Union Bridge Power Systems Limited	155,917,500	14.37%
Hsu Tung Sheng (<i>Note 2</i>)	54,550,000	5.03%

Notes:

1. Starryland Profits Limited is wholly and beneficially owned by Mr. Lau Kim Hung, Jack. Ms. Chan Yiu Kan, Katie is deemed to be interested in the 322,795,000 shares of the Company by virtue of her being the spouse of Mr. Lau Kim Hung, Jack.
2. Mr. Hsu is interested in 45,000,000 shares and was granted options on 12th March 2007 to subscribe for 9,550,000 shares at a subscription price of HK\$0.31 per share.

Save as disclosed above, as at 30th June 2007, the directors of the Company were not aware of any other person (other than the directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

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

During the three months ended 30th June 2007, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

COMPETING INTERESTS

None of the directors or the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Bye-laws of the Company, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Throughout the period ended 30th June 2007, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions.

CODE ON CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the period ended 30th June 2007 except that: (i) the roles of Chairman and chief executive officer are not segregated and are performed by the same individual; and (ii) no nomination committee of the Board is established.

REMUNERATION COMMITTEE

A Remuneration Committee has been established with written terms of reference in accordance with the requirements of the Code on Corporate Governance Practices. The Remuneration Committee comprises three independent non-executive directors, namely Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu and one executive director being Mr. Wan Kin Chung. Mr. Kwok Chi Sun, Vincent is the chairman of the Remuneration Committee. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors.

AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 18th October 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee currently comprises the three independent non-executive directors of the Company, namely, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu. The financial statements of the Group for the period ended 30th June 2007 have been reviewed by the Committee, which is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
Union Bridge Holdings Limited
Wan Kin Chung
Chairman

Hong Kong, 13th August 2007

As at the date of this announcement, the executive directors of the Company are Mr. Wan Kin Chung, Mr. Chan Francis Ping Kuen, Mr. Lo Ka Tong and Mr. Chan Hin Wing, James; the non-executive director of the Company is Dr. Ho Hoi Lap; and the independent non-executive directors of the Company are Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu.

This announcement will remain on the “Latest Company Announcement” page of the GEM website (www.hkgem.com) for at least 7 days from its date of its posting and the Company’s website at <http://www.unionbridgeholdings.com>.