

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Union Bridge Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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UNIONBRIDGE
UNION BRIDGE HOLDINGS LIMITED
聯僑集團控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 8047)

**(1) CONTINUING CONNECTED TRANSACTION
INVOLVING REVOLVING FACILITY TO BE GRANTED BY THE COMPANY;
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING EXERCISE OF OPTION FOR THE ACQUISITION OF
EQUITY INTERESTS IN
PALMPAY TECHNOLOGY CO. LTD. (北京互聯視通科技有限公司);
AND
(3) RE-ELECTION OF DIRECTORS**

Financial Adviser to the Company



INCUB Corporate Finance Limited

**Independent financial adviser to the independent board committee
and the independent shareholders of the Company**

Nuada Limited

Corporate Finance Advisory

A notice convening a special general meeting (the “**SGM**”) of the Company to be held at 14/F., Printing House, 6 Duddell Street, Central, Hong Kong on Thursday, 23 August 2007, at 10:00 a.m. is set out on pages 46 to 48 of this circular. A form of proxy for use thereat is also enclosed.

Whether or not you are able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company’s branch share registrar and transfer office in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication.

CHARACTERISTICS OF GEM

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 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. GEM-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 at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the entire equity interests in PalmPay (互聯視通) pursuant to the Sale and Purchase Agreement
“Ancillary Agreements”	together, the Exclusive Share Purchase Agreement, the share charge, the consultancy service agreement, the management appointment agreement, the director’s undertaking and the shareholder’s undertaking signed on 11 December 2006, details of those ancillary agreements have been disclosed in the circular of the Company dated 14 December 2006
“Announcement”	the announcement dated 21 June 2007 whereby the Company announced, among other matters, the Revolving Facility to be granted by the Company and the Acquisition
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday and a public or statutory holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Bye-laws”	the bye-laws of the Company adopted on 18 October 2001
“Caps”	the maximum loan amount of HK\$22 million pursuant to the Revolving Facility Letter for each of the three financial years ending 31 March 2010
“Chargors”	together, Winner Gain Investments Limited and Mr. Hsu Tung Chi
“China Unicom (中國聯通)”	China Unicom Limited (中國聯通股份有限公司), a telecommunication network service provider in the PRC, which shares are listed on the main board of the Stock Exchange with stock code of 762
“Company”	Union Bridge Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Exclusive Share Purchase Agreement”	the exclusive share purchase agreement entered into among Mr. Yuan as grantor, PalmPay (互聯視通) and Multi Channel as grantee on 11 December 2006 in relation to a grant of an exclusive right by Mr. Yuan to Multi Channel to purchase his entire interests in PalmPay (互聯視通) (making up 96% equity interests therein)
“Guarantors”	together, Mr. Hsu Tung Chi and Mr. Hsu Tung Sheng
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established to advise the Independent Shareholders in respect of the Revolving Facility to be granted by the Company and the Acquisition
“Independent Financial Adviser” or “IFA”	Nuada Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revolving Facility to be granted by the Company and the Acquisition
“Independent Shareholders”	Shareholders other than Mr. Hsu Tung Chi, Mr. Guo Xu, Mr. Lau Chi Fai, Mr. Pang Hongtao, Mr. Yuan, Mr. Hsu Tung Sheng and Ms. Hsu Ying Mei and their respective associates, who hold Shares or other persons who are otherwise interested in the Revolving Facility to be granted by the Company and the Acquisition at the forthcoming SGM
“Latest Practicable Date”	11 July 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Media Magic”	Media Magic Technology Limited, a company incorporated in BVI and a non wholly-owned subsidiary of the Company

DEFINITIONS

“Mr. Yuan”	袁勝軍先生 (Mr. Yuan Sheng Jun), a PRC national, holding 96% equity interests in PalmPay (互聯視通) as at the date of the Sale and Purchase Agreement
“Ms. Gao”	高秀雲女士 (Ms. Gao Xiu Yun), a PRC national, holding 4% equity interests in PalmPay (互聯視通) as at the date of the Sale and Purchase Agreement
“Multi Channel” or “Purchaser”	Multi Channel Technology Limited, a company incorporated in Hong Kong which is a wholly-owned subsidiary of Media Magic, being the purchaser of the entire equity interest in PalmPay (互聯視通) from the Vendors pursuant to the Sale and Purchase Agreement
“PalmPay (互聯視通)”	PalmPay Technology Co. Ltd. (北京互聯視通科技有限公司), a privately-owned enterprise established in the PRC
“PCB”	printed circuit board, a flat plate or base of insulating material containing a pattern of conducting materials which becomes an electrical circuit when components are attached soldered to it
“PRC”	People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administration Region of the People’s Republic of China and Taiwan
“Revolving Facility”	up to a maximum amount of HK\$22 million to be drawn pursuant to the Revolving Facility Letter at any time during the period commencing from the date of the Revolving Facility Letter and ending on the date 36 months therefrom
“Revolving Facility Letter”	the conditional revolving facility letter dated 15 June 2007 entered into among the Company, as lender, Multi Channel, as borrower, pursuant to which, the Company agreed to provide the Revolving Facility to Multi Channel
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 15 June 2007 entered into among Mr. Yuan and Ms. Gao, as Vendors, Multi Channel, as Purchaser, PalmPay (互聯視通), in relation to the acquisition of the entire equity interests in PalmPay (互聯視通) by Multi Channel
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, among other matters, the Revolving Facility Letter, the Acquisition and re-election of Directors
“Shareholder(s)”	holder(s) of existing Shares
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Vendors”	together, Mr. Yuan and Ms. Gao
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.98. This exchange rate is for illustration purposes only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.


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

(Incorporated in Bermuda with limited liability)

(Stock code: 8047)

Executive Directors:

Mr. Wan Kin Chung (*Chairman*)
Mr. Chan Francis Ping Kuen (*Deputy Chairman*)
Mr. Lo Ka Tong
Mr. Chan Hin Wing, James

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Director:

Dr. Ho Hoi Lap

*Head office and principal place of
business in Hong Kong:*

Room 1805-06
18/F., Riley House
88 Lei Muk Road
Kwai Chung
New Territories
Hong Kong

Independent non-executive Directors:

Mr. Kwok Chi Sun, Vincent
Mr. Yeung Kam Yan
Mr. Chan Wing Chiu

13 July 2007

To the Shareholders

Dear Sir/Madam,

**(1) CONTINUING CONNECTED TRANSACTION
INVOLVING REVOLVING FACILITY TO BE GRANTED BY THE COMPANY;
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING EXERCISE OF OPTION FOR THE ACQUISITION OF
EQUITY INTERESTS IN
PALMPAY TECHNOLOGY CO. LTD. (北京互聯視通科技有限公司);
AND
(3) RE-ELECTION OF DIRECTORS**

(A) INTRODUCTION

Reference is made to the Announcement dated 21 June 2007 whereby the Company announced that on 15 June 2007 (after trading hours), the Company conditionally granted Multi Channel a revolving facility by way of the Revolving Facility Letter of up to a maximum amount of HK\$22 million at any time during the period commencing from the date of the Revolving Facility Letter and ending on the

* *For identification purpose only*

LETTER FROM THE BOARD

date 36 months from the date of the Revolving Facility Letter for financing the financial requirement of Multi Channel and its subsidiaries, which is further elaborated below.

The grant of the Revolving Facility is conditional upon, among other matters, the entering into and the completion of the Sale and Purchase Agreement.

On 15 June 2007, Multi Channel, an indirect non wholly-owned subsidiary of the Company, further entered into the Sale and Purchase Agreement (after trading hours), pursuant to which, the Purchaser agreed to acquire and the Vendors agreed to dispose of their entire interests in PalmPay (互聯視通) at a total consideration as may be determined in accordance with the PRC legal requirements based on the amount of registered capital or the net assets value of PalmPay (互聯視通) and in any event not more than RMB10 million (equivalent to approximately HK\$10,204,000), being the registered capital of PalmPay (互聯視通). The net assets value of PalmPay (互聯視通) is to be determined in accordance with the PRC legal requirements.

The Acquisition is not conditional upon the grant of the Revolving Facility.

The purpose of this circular is to provide you with (i) details of the Revolving Facility, (ii) details of the Acquisition, (iii) a letter from the Independent Board Committee containing its advice in respect of the terms of the Revolving Facility to be granted by the Company and the Acquisition; and (iv) a letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders containing its advices in respect of the terms of the Revolving Facility to be granted by the Company and the Acquisition.

(B) THE REVOLVING FACILITY TO BE GRANTED BY THE COMPANY

Date: 15 June 2007

Parties: Lender: the Company, which holds 51% equity interest in Media Magic, being the immediate holding company of Multi Channel

Borrower: Multi Channel, an indirect non wholly-owned subsidiary of the Company

Terms of the Revolving Facility

- (i) Amount : Up to a maximum amount of HK\$22 million at any time during the term of the Revolving Facility for each of the three financial years ending 31 March 2010
- (ii) Repayment : Outstanding amount drawn together with all interest accrued thereon shall be repaid in full in one lump sum on the date falling 36 months from the date of the Revolving Facility Letter and early repayment is allowed at the amount of not less than HK\$5 million or its integral multiples

LETTER FROM THE BOARD

- (iii) Term : From the date of the Revolving Facility Letter up to 36 months
- (iv) Interest : At the best lending rate for Hong Kong dollar loan per annum as quoted from time to time by The Hongkong and Shanghai Banking Corporation Limited
- (v) Security : (a) Share charge on approximately 25.3% of the equity interest in Media Magic presently held collectively by Winner Gain Investments Limited and Mr. Hsu Tung Chi, who is currently directors of two subsidiaries of the Group, namely Media Magic and Multi Channel; and
- (b) Personal guarantees of Mr. Hsu Tung Chi and Mr. Hsu Tung Sheng, who is currently directors of two subsidiaries of the Group, namely Media Magic and Multi Channel
- (vi) Renewable : Subject to the facility amount, any amount repaid may be redrawn
- (vii) Intended use of proceeds : For financing the financial requirement of Multi Channel and its subsidiaries, for its general working capital requirements and business development, in particular: (1) approximately RMB5.5 million will be used for payment of the remaining balance of the total consideration of the Acquisition; (2) approximately RMB11 million will be used to increase the registered capital of PalmPay (互聯視通) as step for reorganizing PalmPay (互聯視通) as a wholly foreign owned enterprise in the PRC; (3) approximately RMB5 million will be used to provide a loan to PalmPay (互聯視通) as its working capital if required; and (4) the remaining balance of approximately RMB0.5 million will be used for general working capital of Multi Channel. In the event that Multi Channel considers not necessary to procure a loan to PalmPay (互聯視通), then approximately RMB5 million will be used for general working capital of Multi Channel.

Since the grant of the Revolving Facility by the Company to Multi Channel of up to a maximum amount of HK\$22 million at any time for each of the three financial years ending 31 March 2010 is not proportionate to its indirect 51% shareholding in Multi Channel, the Revolving Facility Letter (including the Caps) constitutes financial assistance to other shareholders of Media Magic (who collectively hold the remaining 49% interests in Media Magic and thus are deemed as connected persons of the Company). As both Mr. Hsu Tung Chi and Mr. Hsu Tung Sheng are directors of Multi Channel, the grant of the Revolving Facility to Multi Channel thus constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

Since the relevant percentage ratio is more than 2.5% but less than 25% and the annual consideration is more than HK\$10 million, the grant of the Revolving Facility is subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 20.63 of the GEM Listing Rules.

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Mr. Hsu Tung Chi, Mr. Guo Xu, Mr. Lau Chi Fai and Mr. Pang Hongtao (each being the ultimate beneficial owners or shareholders of Media Magic), Mr. Hsu Tung Sheng (elder brother of Mr. Hsu Tung Chi and being one of the Guarantors) and Ms. Hsu Ying Mei (elder sister of Mr. Hsu Tung Chi) who are interested in the Revolving Facility and their respective associates, are, in aggregate, interested in 104,817,500 Shares representing approximately 9.37% of the total issued Shares as at the Latest Practicable Date and are required to abstain from voting in respect of the grant of Revolving Facility at the forthcoming SGM. Save as disclosed, no other Shareholders have any material interest in the grant of the Revolving Facility and are required to abstain from voting in respect thereof at the forthcoming SGM.

The grant of the Revolving Facility by the Company to Multi Channel (including the Caps) in an aggregate principal amount of up to HK\$22 million for each of the three financial years ending 31 March 2010 constitutes a continuing connected transaction for the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements by way of poll under Chapter 20 of the GEM Listing Rules. The Directors (including the independent non-executive Directors) consider that the grant of the Revolving Facility, although not in the ordinary and usual course of business of the Company, is on normal commercial terms.

Conditions of the Revolving Facility Letter

The grant of the Revolving Facility is conditional upon the followings:

- (a) the passing of all necessary resolutions by the Shareholders at the SGM, other than those Shareholders who are directly or indirectly interested in the Revolving Facility Letter or prohibited from voting for such resolutions as required by the GEM Listing Rules, i.e. Mr. Hsu Tung Chi, Mr. Guo Xu, Mr. Lau Chi Fai, Mr. Pang Hongtao, Mr. Hsu Tung Sheng, Ms. Hsu Ying Mei and their respective associates as explained as above, approving the Revolving Facility Letter (including the Caps) and matters contemplated thereunder;
- (b) the execution of the security documents by the Chargors and the Guarantors (as the case may be) and the delivery of such executed security documents to the Company;
- (c) the entering into of the Sale and Purchase Agreement among Multi Channel, PalmPay (互聯視通), Mr. Yuan and Ms. Gao for the sale and purchase of the entire equity interest in PalmPay (互聯視通) held by Mr. Yuan and Ms. Gao and the completion thereof with evidence reasonably satisfactory to the Multi Channel indicating PalmPay (互聯視通) having been registered as a wholly foreign owned enterprise; and

LETTER FROM THE BOARD

- (d) the passing of all necessary resolutions by the Shareholders at the SGM, if required, other than those Shareholders who are directly or indirectly interested in the Revolving Facility, the Sale and Purchase Agreement or prohibited from voting for such resolutions as required by the GEM Listing Rules, approving the Sale and Purchase Agreement and matters contemplated thereunder.

None of the above conditions is waivable.

(C) REASONS FOR THE REVOLVING FACILITY

The Directors (including independent non-executive Directors) are of the view that in light of the growth potential of PalmPay (互聯視通) as further described under the section “Information of PalmPay (互聯視通)”, funding requirements of PalmPay (互聯視通) and the difficulty to borrow external bank loans in the PRC, given the newly startup background of PalmPay (互聯視通), the provision of the Revolving Facility to make available additional funding for PalmPay (互聯視通) to expand its business in the telecommunication sector is in the interests of the Company and the Shareholders as a whole.

Multi Channel and PalmPay (互聯視通) (for accounting purpose) are subsidiaries of the Company with their accounts being consolidated with the Group. Considering the future profitability, prospects and business development of PalmPay (互聯視通) as detailed in the section “Information of PalmPay (互聯視通)” below and that the Company has obtained board control in Multi Channel and PalmPay (互聯視通), the Directors (including independent non-executive Directors) consider that it is necessary to provide the Revolving Facility to Multi Channel and believe the provision of the Revolving Facility is in the interest of Company and Shareholders as a whole.

The provision of the Revolving Facility to Multi Channel will be funded by the net proceeds received from the placing and top-up subscription of new Shares completed and announced on 23 April 2007 by the Company. The terms of the Revolving Facility pursuant to the Revolving Facility Agreement have been agreed after arm’s length negotiation between the parties thereto with reference to (i) the funding requirement of Multi Channel pursuant to the Sale and Purchase Agreement, (ii) the future funding requirements of PalmPay (互聯視通) and (iii) the terms of similar facilities being offered by independent financial institutions in Hong Kong.

The Directors (including the independent non-executive Directors) are of the view that the Revolving Facility Letter is fair and reasonable, on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(D) THE SALE AND PURCHASE AGREEMENT

Date: 15 June 2007

Parties: Purchaser: Multi Channel, a non wholly-owned subsidiary of the Company

Vendors: (i) Mr. Yuan

(ii) Ms. Gao

Company: PalmPay (互聯視通)

Reference is made to the announcement and the circular of the Company dated 23 November 2006 and 14 December 2006 respectively relating to, among other matters, the Exclusive Share Purchase Agreement dated 11 December 2006 entered into among Mr. Yuan as grantor, PalmPay (互聯視通) and Multi Channel as grantee to a grant of an exclusive right by Mr. Yuan to Multi Channel to purchase his entire interests in PalmPay (互聯視通).

The Sale and Purchase Agreement was entered among Mr. Yuan, Ms. Gao, Multi Channel and PalmPay (互聯視通) on 15 June 2007 in relation to the Acquisition of the entire equity interests in PalmPay (互聯視通) by Multi Channel.

As at the date of the Sale and Purchase Agreement, PalmPay (互聯視通) was beneficially owned as to 96% by Mr. Yuan and 4% by Ms. Gao.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. As Mr. Yuan is a director of PalmPay (互聯視通), being a subsidiary of the Company and Ms. Gao is one of the signing parties of the Sale and Purchase Agreement, Mr. Yuan and Ms. Gao are connected persons of the Company. The Acquisition therefore also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. The Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements by way of poll under Chapter 20 of the GEM Listing Rules.

As at the Latest Practicable Date, Mr. Yuan and his associates are, in aggregate, interested in 9,550,000 Shares representing approximately 0.85% of the total issued Shares and are required to abstain from voting in respect of the Acquisition at the forthcoming SGM. Save as disclosed, no other Shareholders have any material interest in the Acquisition and are required to abstain from voting in respect thereof at the forthcoming SGM.

LETTER FROM THE BOARD

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, Multi Channel agreed to acquire and the Vendors agreed to dispose of their entire interests in PalmPay (互聯視通) at a total consideration as may be determined in accordance with the PRC legal requirements based on the amount of registered capital or the net assets value of PalmPay (互聯視通) which was agreed in the Exclusive Share Purchase Agreement in principle by the parties thereto and in any event not more than RMB10 million (equivalent to approximately HK\$10,204,000), being the registered capital of PalmPay (互聯視通). The net assets value of PalmPay (互聯視通) is to be determined in accordance with the PRC legal requirements.

Consideration

The total consideration has been determined as RMB9,978,000 (equivalent to approximately HK\$10,182,000) which represents a premium of approximately 9.21% over the net assets value of PalmPay (互聯視通) of RMB9,136,508 (equivalent to approximately HK\$9,323,000) as at 31 March 2007 which was determined in accordance with the PRC legal requirements.

The consideration was determined after arm's length negotiation among the Vendors, PalmPay (互聯視通) and the Purchaser with reference to the net assets value of PalmPay (互聯視通) (as at 31 March 2007 in order to provide more recent financial information acceptable by the relevant PRC regulatory authorities for submission of the application for the transformation of PalmPay(互聯視通) into a wholly foreign owned enterprise) in accordance with the PRC legal requirements. As advised by the PRC legal adviser, the reference date of net asset value for determining the consideration for the Acquisition should be recent for application for the transformation of PalmPay (互聯視通) into a wholly foreign owned enterprise. The accounts of PalmPay (互聯視通) as at 31 March 2007 was the accounts of PalmPay (互聯視通) as at the date of the Sale and Purchase Agreement acceptable by the relevant PRC regulatory authorities.

Pursuant to the Exclusive Share Purchase Agreement, RMB4,590,000 (equivalent to approximately HK\$4,684,000) has been paid by Multi Channel to Mr. Yuan. The remaining consideration for the Acquisition of RMB5,388,000 (equivalent to approximately HK\$5,498,000) will be settled in form of cash upon completion as to RMB4,988,880 (equivalent to approximately HK\$5,091,000) to Mr. Yuan and as to RMB399,120 (equivalent to approximately HK\$407,000) to Ms. Gao in proportion to their respective beneficial interests in PalmPay (互聯視通). The total consideration should be payable by the purchaser upon completion of the Acquisition.

The total consideration for the Acquisition is RMB9,978,000 (equivalent to approximately HK\$10,182,000), it represents (i) 99.78% of the registered capital of PalmPay (互聯視通) of RMB10,000,000; (ii) a premium of approximately 22.6% over the audited net assets value of PalmPay (互聯視通) of RMB8,138,944 as at 31 December 2006 prepared in accordance with the generally accepted accounting principles in Hong Kong; and (iii) a premium of approximately 9.21% over the net assets value of PalmPay (互聯視通) of RMB9,136,508 (equivalent to approximately HK\$9,323,000) as at 31 March 2007 which was determined in accordance with the PRC legal requirements. Given the early stage of the business of PalmPay (互聯視通) and the future prospect of the telecommunication sector and PalmPay (互聯視通), the Directors (including the independent non-executive Directors) are of the view that the prospect of PalmPay (互聯視通) lies in its market potential rather than its assets.

LETTER FROM THE BOARD

Having considered (i) the future profitability, prospect and business development of PalmPay (互聯視通) and the telecommunication sector in the PRC (as detailed in the “Information of PalmPay (互聯視通)” below); (ii) formalization of the shareholding structure by entering into the Sale and Purchase Agreement to acquire entire interests in PalmPay (互聯視通) by the Purchaser; and (iii) as a further step for the Group to capitalize on the business opportunities in anticipation of future relaxation of the restricted telecommunication market in the PRC, the Directors (including the independent non-executive Directors) consider the total consideration and the terms for the Acquisition to be fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition is subject to, among other matters, the following conditions having been fulfilled or waived:

- (a) the execution of the revised articles of association of PalmPay (互聯視通) reflecting the transformation of PalmPay (互聯視通) as a wholly foreign owned enterprise in the PRC;
- (b) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of PalmPay (互聯視通);
- (c) all necessary consents and approvals required to be obtained on the part of the Vendor, the Purchaser and PalmPay (互聯視通) in respect of the Acquisition and the transformation of PalmPay (互聯視通) into a wholly foreign owned enterprise and the transactions contemplated thereunder having been obtained; and
- (d) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the legality and the validity in respect to the establishment and subsistence of PalmPay (互聯視通) and the transactions contemplated under the Sale and Purchase Agreement.

Condition (a) and (c) above are not waivable by the Purchaser under the Sale and Purchase Agreement. The Purchaser has no current intention to waive other conditions.

LETTER FROM THE BOARD

Completion

Completion shall take place on or before 4:00 p.m. within five Business Days after all the conditions of the Sale and Purchase Agreement having been fulfilled or waived or such later date as may be agreed between the Vendors and the Purchaser.

Upon completion of the Acquisition, PalmPay (互聯視通), as a formally wholly owned subsidiary of Multi Channel, will continue to be accounted for as a subsidiary of the Company and its full results will be consolidated with that of the Group.

The Ancillary Agreements signed incidental to the previous acquisition of 31% interest in Media Magic will be cancelled or released, as the case may be except for the consultancy service agreement.

Financial effect of the acquisition

Upon completion of the Acquisition, the Company will hold indirectly 100% equity interests in PalmPay (互聯視通) and that PalmPay (互聯視通) will become a subsidiary of the Company with its accounts being consolidated with that of the Group.

The total assets of the Group will be increased by approximately HK\$19,213,643 (equivalent to RMB18,985,813). The total liabilities of the Group will also be increased by approximately HK\$9,967,497 (equivalent to RMB9,849,305).

In terms of earnings, the Group will be consolidating revenue from the provision of mobile payment gateway services as well as mobile valued-added services (if any) from PalmPay (互聯視通).

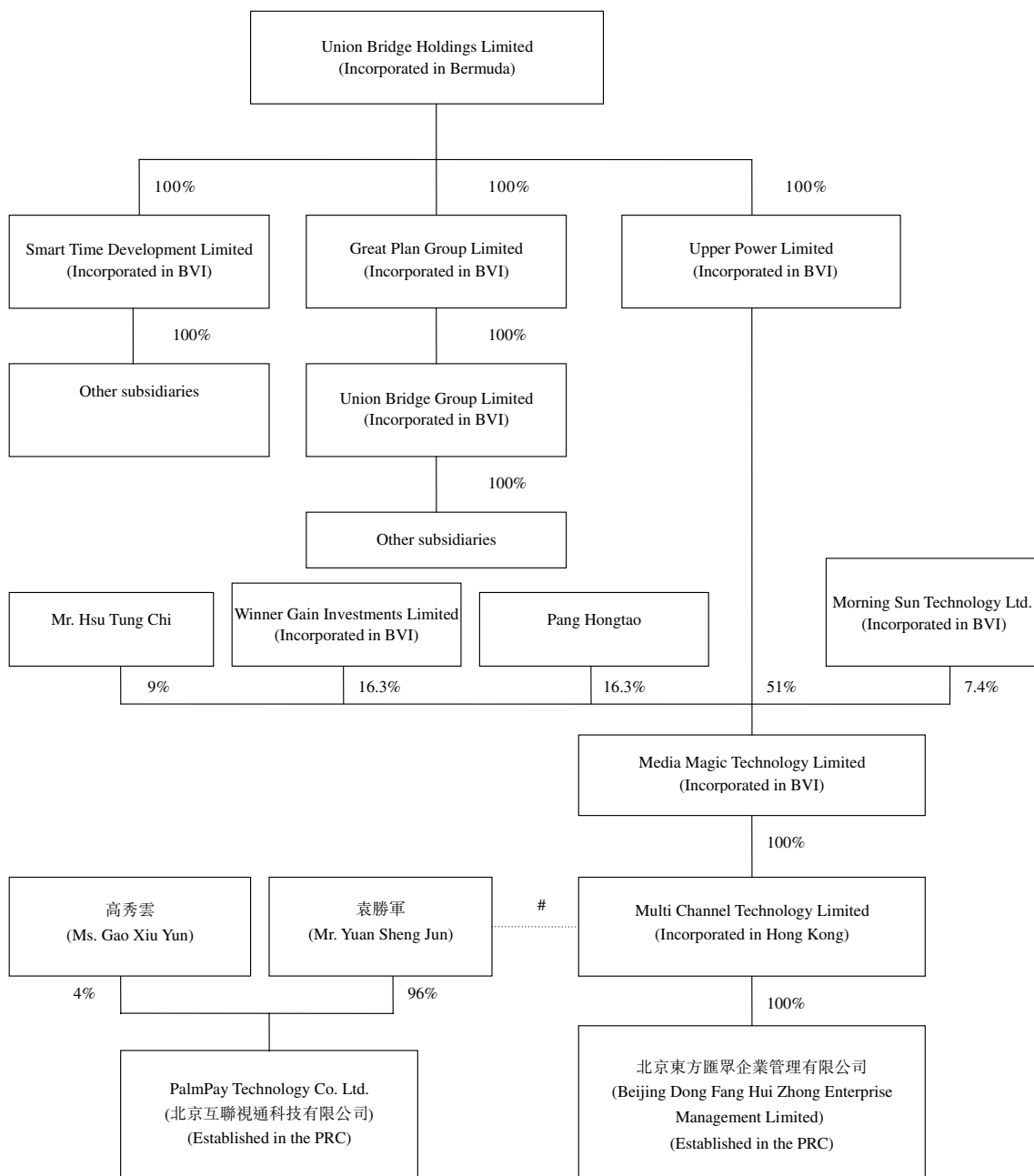
The above increases are calculated based on the audited accounts of PalmPay (互聯視通) as at 31 March 2007 prepared in accordance with the generally accepted accounting principles in Hong Kong.

LETTER FROM THE BOARD

(E) GROUP STRUCTURE

The diagram below shows separately the structure of the Group immediately before and after completion of the Acquisition:

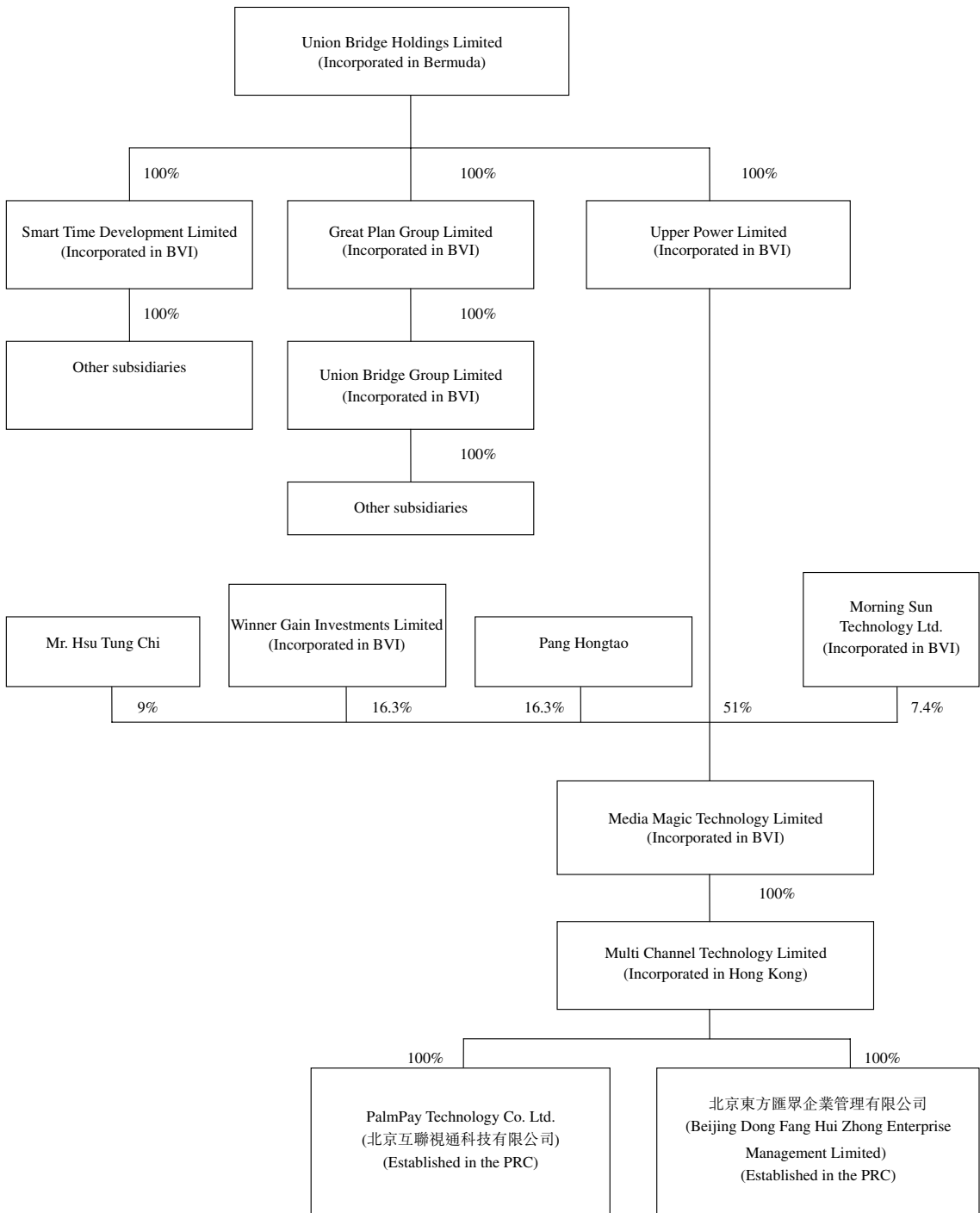
Before completion of the Acquisition:



96% equity interest of Mr. Yuan in PalmPay (互聯視通) was pledged to Multi Channel by a share charge dated 11 December 2006 which will be cancelled upon completion of the Acquisition.

LETTER FROM THE BOARD

After completion of the Acquisition:



LETTER FROM THE BOARD

(F) INFORMATION OF PALMPAY (互聯視通)

PalmPay (互聯視通) is a PRC privately-owned enterprise established on 20 March 2005, which is currently engaged principally in the mobile payment gateway business in the PRC. Mobile payment gateway business refers to the provision of online mobile payment services such as online shopping and payment of service bills by the services providers to mobile phone users.

PalmPay (互聯視通) has secured cooperation arrangements with China Unicom (中國聯通) in providing mobile payment gateway services in Shanghai (上海), Liaoning (遼寧), Guangxi (廣西) and Jilin (吉林) and that system installation in these provinces/municipal cities have been completed. In addition, PalmPay (互聯視通) is also in active negotiation with China Unicom (中國聯通) for securing provision of mobile payment gateway services in other major provinces/municipal cities.

PalmPay (互聯視通) is currently selling a variety of products through its mobile payment platforms, such as IP cards, 17911 long distance call cards, WAP cards, game cards and insurance products. The product variety of PalmPay (互聯視通) has been enlarged compared with that at the time of its commencement of business in September 2006.

Under the current telecommunication infrastructure and for assured service quality and better control, each telecommunication network service provider in the PRC, such as China Unicom (中國聯通), may only engage one mobile payment gateway services provider in each province/city. China Unicom (中國聯通) is one of the major telecommunication network service providers in the PRC. According to the 2006 annual report of China Unicom (中國聯通), it has a consumer base of approximately 142 million customers by the end of December 2006. Also, based on the statistics released by the Ministry of Information Industry (中華人民共和國信息產業部), the number of mobile phone subscribers in the PRC reached 461 million by the end of December 2006 and eMarketer has forecasted that the number of mobile phone subscribers in China will reach 635 million by 2010.

The Company believes that there are huge market opportunities to be explored in the telecommunication business sector in the PRC in view of (i) the increasing number of mobile phone users in the PRC, which leads to a huge and increasing demand for mobile payment gateway services and mobile value-added services; and (ii) a monthly double-digit growth in turnover of PalmPay (互聯視通) since its commencement of business in September 2006 which demonstrated a good business model and a stable source of revenue; and (iii) there are only a few number of service providers engaged in mobile payment gateway business in the PRC.

Under the current cooperation arrangement with China Unicom (中國聯通) and the business of selling products through its mobile payment platforms presently engaged, to the best of the Directors' knowledge, information and having made all reasonable enquiries and belief and having been advised by its PRC legal advisers, the provision of mobile payment gateway services in the PRC engaged by PalmPay (互聯視通) does not require any license to operate in the PRC. PalmPay (互聯視通) intends to continue to rely on the cooperation with mobile value-added services licensed operators in the short run in conducting its business.

LETTER FROM THE BOARD

Besides, PalmPay (互聯視通) intends to pursue all necessary licenses for the operation of mobile value-added services in the PRC on its own in the long run. As at the Latest Practicable Date, PalmPay (互聯視通) has yet to apply for any operating licenses for the operation of mobile value-added services in the PRC on its own.

Set out below is a summary of key financial data of PalmPay (互聯視通), which has been prepared based on the generally accepted accounting principles in Hong Kong.

	For the period from 1 January 2007 to 31 March 2007	For the year ended 31 December 2006	For the period from 20 March 2005 to 31 December 2005
	<i>RMB</i> (audited)	<i>RMB</i> (audited)	<i>RMB</i> (audited)
Results			
Turnover	3,139,553	807,006	–
Profit/(Loss) before tax	1,488,902	(2,242,351)	(535,345)
Profit/(Loss) after tax	997,564	(1,502,375)	(358,681)
	As at 31 March 2007	As at 31 December 2006	2005
	<i>RMB</i> (audited)	<i>RMB</i> (audited)	<i>RMB</i> (audited)
Assets and liabilities			
Total assets	18,985,813	16,891,125	10,929,002
Net assets value	9,136,508	8,138,944	9,641,319

Immediately after completion of the first stage acquisition of the interests in Media Magic, the Company held an indirect interest of 20% in Media Magic. Since the completion of the second stage acquisition of the interest of 31% in Media Magic on 5 January 2007, the Company held an aggregate of 51% indirect interest in Media Magic. As a result of such acquisition and inasmuch as the Ancillary Agreements, the accounts of PalmPay (互聯視通) has been consolidated with that of the Group. Therefore, the Directors (including independent non-executive Directors) view that the loss of PalmPay (互聯視通) for the past two year periods ended could have no impact on the results of the Group and as part of the initial setup cost for its business.

(G) REASONS FOR THE ACQUISITION

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

LETTER FROM THE BOARD

As indicated in the annual report 2005/2006 and the circulars issued in relation to the Group's previous acquisitions of the equity interest in Media Magic, the Board believes that the business of the provision of diversified mobile value-added services is of great potential and prospect in the PRC which can strengthen the Group's financial results as well as optimize Shareholders' interests in the long run. Taking into account (i) the future prospect and potential of the telecommunication sector in the PRC and PalmPay (互聯視通); (ii) formalization of the shareholding structure by entering into the Sale and Purchase Agreement to acquire entire interests in PalmPay (互聯視通) by the Purchaser; and (iii) as a further step for the Group to capitalize on the business opportunities in anticipation of future relaxation of the restricted telecommunication market in the PRC, the Directors (including the independent non-executive Directors) view that it is the right time to exercise the rights under the Exclusive Share Purchase Agreement and entered into the Sale and Purchase Agreement for the Acquisition is in the interests of the Company and the Shareholders as a whole.

(H) GEM LISTING RULES IMPLICATION

The grant of the Revolving Facility by the Company to Multi Channel (including the Caps) constitutes a continuing connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements by way of poll under Chapter 20 of the GEM Listing Rules.

The Acquisition constitutes a discloseable and connected transaction for the Company under Chapter 19 and Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and the Independent Shareholders' approval requirements by way of poll under Chapter 20 of the GEM Listing Rules.

Approval of the Independent Shareholders by way of poll is proposed to be sought at the SGM in respect of the Revolving Facility Letter and the Acquisition and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Revolving Facility Letter and the Acquisition and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Letters from the Independent Board Committee and the Independent Financial Adviser and their opinion and advices have been set out in this circular.

(I) RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the executive Directors are Mr. Wan Kin Chung, Mr. Chan Francis Ping Kuen, Mr. Lo Ka Tong and Mr. Chan Hin Wing, James. The non-executive Director is Dr. Ho Hoi Lap. The independent non-executive Directors are Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu.

LETTER FROM THE BOARD

According to Bye-laws 86(2), the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

In accordance with Bye-laws 86(5), each of Mr. Chan Hin Wing, James, Mr. Lo Ka Tong, Mr. Chan Francis Ping Kuen and Dr. Ho Hoi Lap shall retire from his office at the SGM. Being eligible, each of Mr. Chan Hin Wing, James, Mr. Lo Ka Tong, Mr. Chan Francis Ping Kuen will offer himself for re-election as executive Directors and Dr. Ho Hoi Lap will offer himself for re-election as non-executive Director.

Particulars relating to Mr. Chan Hin Wing, James, Mr. Lo Ka Tong, Mr. Chan Francis Ping Kuen and Dr. Ho Hoi Lap are set out in Appendix I to this circular.

(J) SGM

The SGM will be held at 14/F, Printing House, 6 Duddell Street, Central, Hong Kong on Thursday, 23 August 2007, at 10:00 a.m. or any adjournments thereof, for the purpose of considering and, if thought fit, passing the resolutions to approve, among other matters, the Revolving Facility the Acquisition and the re-election of Directors. A notice convening the SGM is set out on pages 46 to 48 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

As at the Latest Practicable Date, Mr. Hsu Tung Chi, Mr. Guo Xu, Mr. Lau Chi Fai and Mr. Pang Hongtao, (each being the ultimate beneficial owners or shareholders of Media Magic), Mr. Hsu Tung Sheng (elder brother of Mr. Hsu Tung Chi and one of the Guarantors) and Ms. Hsu Ying Mei (elder sister of Mr. Hsu Tung Chi) who is interested in the Revolving Facility and their respective associates, are, in aggregate, interested in 104,817,500 Shares representing approximately 9.37% of the total issued Shares and are required to abstain from voting in respect of the grant of the Revolving Facility at the forthcoming SGM. Save as disclosed, no other Shareholders have any material interest in the Revolving Facility and are required to abstain from voting in respect thereof at the forthcoming SGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Yuan is interested in 9,550,000 Shares, representing approximately 0.85% of the total issued Shares of the Company and Mr. Yuan and his respective associates are required to abstain from voting in respect of the Acquisition at the forthcoming SGM.

(K) RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that, although the entering into of the Revolving Facility was not in the ordinary and usual course of business of the Group, the Revolving Facilities was on normal commercial terms and was in the interests of the Group and the Shareholders as a whole and that the terms of the Revolving Facility are fair and reasonable so far as the Group and the Shareholders are concerned. The Board recommends the Independent Shareholders to vote in favour of the Revolving Facility and the matters contemplated thereby.

Having considered the above factors and reasons, we are of the opinion that, the entering into of the Acquisition was in the ordinary and usual course of business and in the interests of the Group and the Shareholders as a whole and that the terms of the Acquisition are fair and reasonable so far as the Group and the Independent Shareholders are concerned. The Board recommends the Shareholders to vote in favour of the Acquisition and the matters contemplated thereby.

(L) ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Union Bridge Holdings Limited
Wan Kin Chung
Chairman


UNIONBRIDGE
UNION BRIDGE HOLDINGS LIMITED
聯僑集團控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 8047)

13 July 2007

To the Independent Shareholders

Dear Sirs or Madams,

**(1) CONTINUING CONNECTED TRANSACTION
INVOLVING REVOLVING FACILITY TO BE GRANTED BY THE COMPANY; AND
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING EXERCISE OF OPTION FOR THE ACQUISITION OF
EQUITY INTERESTS IN
PALMPAY TECHNOLOGY CO. LTD. (北京互聯視通科技有限公司)**

We refer to the circular of the Company dated 13 July 2007 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders in connection with the proposed grant of the Revolving Facility and the Acquisition. Nuada Limited has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to us on pages 22 to 34 of the Circular, we are of the opinion that the terms of the proposed grant of the Revolving Facility and the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM to approve the grant of the Revolving Facility and the Acquisition and the transactions contemplated thereunder by way of poll.

Independent Board Committee

Mr. Kwok Chi Sun, Vincent

Mr. Yeung Kam Yan

Mr. Chan Wing Chiu

Independent non-executive Directors

* *For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Nuada Limited in connection with the terms of the Acquisition and the Revolving Facility (including the Caps) which has been prepared for inclusion in this circular.

Nuada Limited

Corporate Finance Advisory

7th Floor, New York House
60 Connaught Road Central
Hong Kong

13 July 2007

*To the Independent Board Committee and
the Independent Shareholders of
Union Bridge Holdings Limited*

Dear Sirs,

**(1) CONTINUING CONNECTED TRANSACTION
INVOLVING REVOLVING FACILITY TO BE GRANTED BY THE COMPANY;
AND
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING EXERCISE OF OPTION FOR THE ACQUISITION OF
EQUITY INTERESTS IN
PALMPAY TECHNOLOGY CO., LTD. (北京互聯視通科技有限公司)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the Acquisition; and (ii) the grant of the Revolving Facility by the Company to Multi Channel and its subsidiaries (including the Caps) related thereto are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and the interests of the Company and the Independent Shareholders as a whole and whether the Independent Shareholders should vote in favour of the Revolving Facility Letter and the Acquisition and the transactions contemplated thereunder (including the Caps). Details of the Acquisition and the Revolving Facility are set out in the letter from the board in the circular to the Shareholders dated 13 July 2007 (the “Circular”), of which this letter forms part. Unless otherwise stated, terms used in this letter have the same meanings as those defined in the Circular.

On 21 June 2007, the Company announced that the Group entered into (1) the Revolving Facility Letter with Multi Channel, an indirect non wholly-owned subsidiary of the Company, pursuant to which the Company conditionally agreed to grant an aggregate principal amount of up to HK\$22 million at any time during the period commencing from the date of the Revolving Facility Letter and ending on the date 36 months from the date of the Revolving Facility Letter; and (2) the Sale and Purchase Agreement, pursuant to which, Multi Channel, conditionally agreed to acquire the entire interests in PalmPay (互聯視通).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Revolving Facility Letter and the Acquisition and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and the Directors. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company and the Directors and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be so on the date hereof. We have also assumed the accuracy and truthfulness of the public information available from National Bureau of Statistics of China regarding the number of mobile telephone subscribers in PRC and the population in Shanghai, Liaoning, Guangxi and Jilin and the relevant information contained therein.

The Directors collectively and severally accept full responsibility for the accuracy of the information contained in the Circular. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any in-depth investigation into the business, affairs and prospects of the Group and PalmPay (互聯視通) or the markets in which they respectively operate.

We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the Sale and Purchase Agreement and the Revolving Facility Letter. We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorisations, licenses, clearances and approvals necessary for the effectiveness and implementation of the Revolving Facilities Letter and the Sale and Purchase Agreement have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the Revolving Facilities Letter and the Sale and Purchase Agreement.

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Acquisition and the grant of the Revolving Facility (including the Caps). We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BACKGROUND INFORMATION

On 11 December 2006, Multi Channel and Mr. Yuan entered into an exclusive share purchase agreement, pursuant to which Mr. Yuan granted an irrevocable and exclusive right to Multi Channel or its nominee to purchase his entire interests in PalmPay (互聯視通) (making up 96% equity interests therein) within five years from the date of the entering into of the Exclusive Share Purchase Agreement. On 15 June 2007, Multi Channel and Mr. Yuan entered into the Sale and Purchase Agreement, pursuant to which, the Multi Channel agreed to acquire and the Vendors agreed to dispose of their entire interests in PalmPay (互聯視通) at a total consideration as may be determined in accordance with the PRC legal requirements based on the amount of registered capital or the net assets value of PalmPay (互聯視通) and in any event not more than RMB10 million (equivalent to approximately HK\$10,204,000), being the registered capital of PalmPay (互聯視通).

To facilitate the Acquisition, subject to the completion of the Sale and Purchase Agreement, the Company conditionally agreed to grant Multi Channel a revolving facility by way of the Revolving Facility Letter of an aggregate principal amount of up to HK\$22 million at any time during the period commencing from the date of the Revolving Facility Letter and ending on the date 36 months from the date of the Revolving Facility Letter.

The grant of the Revolving Facility by the Company to Multi Channel (including the Caps) constitutes a continuing connected transaction for the Company and the Acquisition constitutes a discloseable and connected transaction for the Company under Chapter 19 and Chapter 20 of the GEM Listing Rules, both are subject to the Independent Shareholders' approval requirements by way of poll under the GEM Listing Rules. Approval of the Independent Shareholders by way of poll is proposed to be sought at the SGM in respect of the Revolving Facility Letter and the Acquisition and the transactions contemplated thereunder including the grant of Revolving Facility (including the Caps) and the Acquisition.

Mr. Hsu Tung Chi, Mr. Guo Xu, Mr. Lau Chi Fai and Mr. Pang Hongtao, (each being the ultimate beneficial owners or shareholders of Media Magic), Mr. Hsu Tung Sheng (elder brother of Mr. Hsu Tung Chi and one of the Guarantors) and Ms. Hsu Ying Mei (elder sister of Mr. Hsu Tung Chi) who are interested in the Revolving Facility and their respective associates are, in aggregate, interested in 104,718,500 Shares representing approximately 9.37% of the total issued Shares as at the date of the Circular and are required to abstain from voting in respect of the grant of the Revolving Facility at the forthcoming SGM. Save as disclosed, no other Shareholders have any material interest in the Revolving Facility and are required to abstain from voting in respect of there of at the forthcoming SGM.

As at the Latest Practicable Date, Mr. Yuan and his associates are, in aggregate, interested in 9,550,000 Shares, representing approximately 0.85% of the total issued Shares and are required to abstain from voting in respect of the Acquisition at the forthcoming SGM. Save as disclosed, no other Shareholders have any material interest in the Acquisition and are required to abstain from voting in respect thereof at the forthcoming SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(A) THE SALE AND PURCHASE AGREEMENT

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in assessing the Sale and Purchase Agreement and in giving our advice to the Independent Board Committee and the Independent Shareholders are set out below:

Business review of the Group

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

Set out below is the summary of the audited operating results of the Group for each of the two years ended 31 March 2007 and 2006 and of the assets, liabilities and minority interests of the Group as at 31 March 2007 and 2006 as extracted from the Company's annual report for the year ended 31 March 2007 (the "2006/2007 Annual Report"):

	For the year ended 31 March	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	110,074	42,474
(Loss)/ Profit before income tax	(5,966)	(8,013)
(Loss)/ Profit for the year	(8,618)	(7,660)
Attributable to:		
Equity shareholders of the Company	(9,117)	(7,649)
Minority interests	499	(11)
	As at 31 March	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	216,949	127,170
Total liabilities	(124,021)	(106,140)
Minority interests	(4,567)	(1,988)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2006/2007 Annual Report, the Group recorded an increase of approximately 159% in its turnover for the year ended 31 March 2007 to approximately HK\$110.1 million compared to the previous corresponding year. Turnover from the internet appliances and related products segment recorded a decrease of approximately 91% to HK\$2.1 million in the current year compared to the previous corresponding year. There was no income from e-commerce platform and related services recorded in the current year because the Group was still looking for suitable business partner to promote these products. Turnover from the electronic devices and components segment recorded an increase of approximately 507% to HK\$100.0 million. The design and engineering services also recorded an increase of approximately 340% to HK\$4.8 million. The significant increase in turnover from electronic devices and components and design and engineering services was due to the fact that only one month of the financial results of the Union Bridge Group Limited (“Union Bridge Group”), a wholly-owned subsidiary of the Company which was acquired by Group in March 2006, were consolidated into the Group in the previous corresponding year. But in current year, the whole year financial results of Union Bridge Group were consolidated into the Group.

Besides, turnover from mobile payment gateway services of approximately HK\$3.2 million was recorded due to the acquisition of the Media Magic Group in the current year. Due to the substantial decrease in turnover from the internet appliances and related products in previous years and the keen competition in this market, the Group further scaled down the operation this year in order to minimize the operating cost.

As indicated in the 2006/2007 Annual Report, the Group will look for other opportunities to diversify its revenue base, and will also continue to explore new markets and develop new products to optimize Shareholders’ interests. The Board is of the view that the business of the provision of diversified value-added telecommunication services is of great potential and prospect in the PRC as there is an increasing number of mobile phone users in the PRC. By acquiring 51% equity interest in Media Magic in year 2006, the Group commences to practically implement the value-added telecommunication business in PRC.

Information on PalmPay (互聯視通)

With reference to the letter from the Board, PalmPay (互聯視通) is a PRC privately-owned enterprise established on 20 March 2005, which is currently engaged principally in the mobile payment gateway business in the PRC. Mobile payment gateway business refers to the provision of online mobile payment services such as online shopping and payment of service bills by the services providers to mobile phone users.

According to the Board, PalmPay (互聯視通) has secured cooperation arrangements with China Unicom (中國聯通) in providing mobile payment gateway services in Shanghai, Liaoning, Guangxi and Jilin and that system installation in these provinces/municipal cities have been completed. In addition, PalmPay (互聯視通) is also in active negotiation with China Unicom (中國聯通) for securing provision of mobile payment gateway services in other major provinces/municipal cities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PalmPay (互聯視通) is currently selling a variety of products through its mobile payment platforms, such as IP cards, 17911 long distance call cards, WAP cards, game cards and insurance products. The product variety of PalmPay (互聯視通) has been enlarged compared with that at the time of its commencement of business in September 2006.

Under the current telecommunication infrastructure and for assured service quality and better control, each telecommunication network service provider in the PRC, such as China Unicom (中國聯通), may only engage one mobile payment gateway services provider in each province/municipal city. China Unicom (中國聯通) is one of the major telecommunication network service providers in the PRC. According to the 2006 annual report of China Unicom (中國聯通), it has a consumer base of approximately 142 million customers by the end of December 2006. Also, based on the statistics as released on the internet at http://www.mii.gov.cn/art/2007/01/22/art_166_28236.html in January 2007 by the Ministry of Information Industry (中華人民共和國信息產業部), the number of mobile phone subscribers in the PRC reached 461 million by the end of December 2006 and based on the analyst report as released on internet at http://www.emarket.com/Reports/All/Mobile_china_jul06.aspx in June 2006 issued by the eMarketer, a U.S. company specialize in marketing research worldwide, has forecasted that the number of mobile phone subscribers in China will reach 635 million by 2010.

Under the current cooperation arrangement with China Unicom (中國聯通) and the business of selling products through its mobile payment platforms presently engaged, to the best of the Directors' knowledge, information and having made all reasonable enquiries and belief and having been advised by its PRC legal advisers, the provision of mobile payment gateway services in the PRC engaged by PalmPay (互聯視通) does not require any license to operate in the PRC. PalmPay (互聯視通) intends to continue to rely on the cooperation with mobile value-added services licensed operators in the short run in conducting its business.

Besides, PalmPay (互聯視通) intends to pursue all necessary licenses for the operation of mobile value-added services in the PRC on its own in the long run. As at the Latest Practicable Date, PalmPay (互聯視通) has yet to apply for any operating licenses for the operation of mobile value-added services in the PRC on its own.

The Directors are of the view that by the time when a telecommunication network services provider in the PRC may engage more than one mobile payment gateway provider in each province/city, PalmPay (互聯視通) will be able to negotiate with other telecommunication network services providers in other provinces/cities or to compete with other mobile payment gateway providers in other provinces/cities for securing provision of mobile payment gateway services in other major provinces/municipal cities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table summarises the audited financial results of the PalmPay (互聯視通), which has been prepared based on the generally accepted accounting principles in Hong Kong:

	For the period from 1 January 2007 to 31 March 2007	For the year ended 31 December 2006	For the period from 20 March 2005 to 31 December 2005
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)	(audited)
Results			
Turnover	3,139,553	807,006	–
Profit/(Loss) before tax	1,488,902	(2,242,351)	(535,345)
Profit/(Loss) after tax	997,564	(1,502,375)	(358,681)
	As at 31 March 2007	As at 31 December 2006	2005
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)	(audited)
Assets and liabilities			
Total assets	18,985,813	16,891,125	10,929,002
Net assets value	9,136,508	8,138,944	9,641,319

As illustrated in the above table, PalmPay (互聯視通) recorded a revenue of approximately RMB3,139,553 and profit attributable to the equity holders of PalmPay (互聯視通) of approximately RMB997,564 for the period from 1 January 2007 to 31 March 2007, representing an increase of revenue of approximately 389% as compared to the year ended 31 December 2006.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Overview of number mobile telephone subscribers and number of short messages of mobile served in the PRC

The following table demonstrates the total number of mobile telephone subscribers in the PRC from 2003 to 2006 and four months ended 30 April 2007 with reference to the official data as released on the internet at <http://www.stats.gov.cn> of the National Bureau of Statistics of China:

	Total number of mobile telephone subscribers in the PRC <i>(in millions)</i>	Total number of short messages served in the PRC <i>(in billions)</i>
2003	269.95	N/A
2004	334.82	N/A
2005	393.40	N/A
2006	461.08	N/A
2007		
January	467.41	N/A
February	473.93	46.1
March	480.65	48.5
April	487.43	46.8
% increase from 31 December 2003 to 30 April 2007	80.56%	

According to the National Bureau of Statistics of China, the total number of mobile telephone subscribers in the PRC in April 2006 reaches approximately 487.43 million, representing an increase of approximately 80.56% from 2003 and the number of short messages of mobile served for each of the three months ended April, March, February 2007 are 46.8 billion, 48.5 billion and 46.1 billion respectively. The number of mobile telephone subscribers has recorded a growth of double-digit percentage in the last four year (i.e. 2003-2006). In this regard, the Directors may reasonably expect that investment in telecommunication business will provide a good opportunity for the Company to participate in the booming mobile phone market in the PRC and to achieve substantial growth in the future. As such, we are of the view that the future prospect and market potential of the mobile telecommunication business in PRC will remain strong, and yet, the Acquisition provides the Group with opportunities to participate in the mobile telephone market with substantial growth potential in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Potential client base of PalmPay (互聯視通)

According to the Board, PalmPay (互聯視通) has secured cooperation arrangements with China Unicom (中國聯通) in providing mobile payment gateway services in Shanghai, Liaoning, Guangxi and Jilin. In this regard, the following table demonstrates the approximate total mobile telephone subscribers and the approximate population in such cities as at the end of the year 2006 (with reference to the official data of the National Bureau of Statistics of China):

Year 2007	Total number of mobile telephone subscribers	Population	Under- subscription	Under- subscription
	In million (approx.)	In million (approx.)	In million (approx.)	% (approx.)
Shanghai	16.10	18.15	2.05	11%
Liaoning	16.78	42.71	25.93	61%
Guangxi	12.03	47.19	35.16	75%
Jilin	11.38	27.23	15.85	59%
Total	56.29	135.28	78.99	

The above illustration shows that there are approximately 78.99 million people in Shanghai, Liaoning, Guangxi and Jilin has not yet subscribed for mobile telecommunication services as at the end of year 2006. In view of that, the potential demand for mobile telephone services remains strong in such cities. Therefore, we are of the view that, with the existing secured cooperation arrangements with China Unicom (中國聯通), the Group will be able to capture for potential growth of the mobile telecommunication service market in these particular provinces/municipal cities.

Terms of the Sale and Purchase Agreement

The principal terms are summarized as follow:

- (i) Multi Channel, a indirect non wholly-owned subsidiary of the Company, agreed to acquire and Vendors agreed to dispose of the entire equity interest in PalmPay (互聯視通) at a total consideration of RMB9,978,000 (equivalent to approximately HK\$10,182,000);
- (ii) Pursuant to the Exclusive Share Purchase Agreement, RMB4,590,000 (equivalent to approximately HK\$4,684,000) has been paid by Multi Channel to Mr. Yuan. The remaining consideration for the Acquisition of RMB5,388,000 (equivalent to approximately HK\$5,498,000) will be settled in form of cash upon completion of the Acquisition as to RMB4,988,880 (equivalent to approximately HK\$5,091,000) to Mr. Yuan and as to RMB399,120 (equivalent to approximately HK\$407,000) to Ms. Gao in proportion to their respective beneficial interests in PalmPay (互聯視通).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Upon completion of the Acquisition, the Company will hold indirectly 100% equity interest in PalmPay (互聯視通) and that PalmPay (互聯視通) will formally become a subsidiary of the Company with its accounts continually being consolidated with that of the Group. The Acquisition is not conditional upon the grant of the Revolving Facility.

The total consideration of the Acquisition of RMB9,978,000 (equivalent to approximately HK\$10,182,000) represents (i) 99.78 % of the registered capital of PalmPay (互聯視通) of RMB10,000,000; (ii) a premium of approximately 22.6% over the audited net assets value of PalmPay (互聯視通) of RMB8,138,944 as at 31 December 2006 prepared in accordance with the generally accepted accounting principles in Hong Kong; and (iii) a premium of approximately 9.21% over the net assets value of PalmPay (互聯視通) of RMB9,136,508 (equivalent to approximately HK\$9,323,000) as at 31 March 2007 which was determined in accordance with the PRC legal requirements.

Although the consideration of the Acquisition represents a premium of 9.21% to the net assets value of PalmPay (互聯視通) as at 31 March 2007, we consider that the premium are justifiable taking into account (a) the future prospect and market potential of the mobile telecommunication business in PRC and the opportunities for the Group to participate in the mobile telecommunication service market in the PRC; and (b) the potential growth under the secured cooperation arrangements with China Unicom (中國聯通); and (c) the strong financial performance of PalmPay (互聯視通) as detailed in the section headed “Information on PalmPay (互聯視通)” above, we consider that the consideration of the PalmPay (互聯視通) is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered (i) PalmPay (互聯視通) will formally become an indirect wholly-owned subsidiary of the Company as a further step for the Group to capitalize on the business opportunities in anticipation of future relaxation of the restricted telecommunication market in the PRC; (ii) the secured cooperation arrangements with China Unicom (中國聯通) plus potential client base in Shanghai, Liaoning, Guangxi and Jilin of PalmPay (互聯視通) and potential growth of the business under the cooperation arrangement; and (iii) the financial performance of PalmPay (互聯視通) as at 31 March 2007, we concur with the view of the Directors that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the entering into the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

(B) THE REVOLVING FACILITY LETTER

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in assessing the Revolving Facility Letter and the annual Caps and in giving our advice to the Independent Board Committee and the Independent Shareholders are set out below:

Terms of the Revolving Facility Letter

The principal terms are summarized as follow:

- (i) the Company has agreed to grant a facility to Multi Channel up to a maximum of HK\$22 million at any time during the term of the Revolving Facility for each of the three financial years ending 31 March 2010;
- (ii) at the best lending rate for Hong Kong dollar loan per annum as quoted from time to time by The Hongkong and Shanghai Banking Corporation Limited;
- (iii) outstanding amount drawn together with all interest accrued thereon shall be repaid in full in one lump sum on the date falling 36 months from the date of the Revolving Facility Letter and early repayment is allowed at the amount of not less than HK\$5 million or its integral multiple;
- (iv) Share charge on approximately 25.3% of the equity interest in Media Magic presently held by Winner Gain Investments Limited and Mr. Hsu Tung Chi, who is currently directors of two subsidiaries of the Group, namely Media Magic and Multi Channel (“Chargors”); and
- (v) Personal guarantees of Mr. Hsu Tung Chi and Mr. Hsu Tung Sheng, who is currently directors of two subsidiaries of the Group, namely Media Magic and Multi Channel (“Guarantors”).

The grant of the Revolving Facility is conditional upon, among other matters, the entering into and the completion of the Sale and Purchase Agreement.

Financing needs of Multi Channel for the Acquisition

On 15 June 2007, Multi Channel and the Vendors, further entered into a sale and purchase agreement pursuant to which Multi Channel conditionally agreed to acquire and the Vendors conditionally agreed to dispose of the entire equity interest of PalmPay (互聯視通) at a total consideration of RMB9,978,000 (equivalent to approximately HK\$10,182,000). Please refer to sub-section headed “Information on PalmPay (互聯視通)” under the section headed “The Sale and Purchase Agreement” in this letter for details.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the purchase commitment made by Multi Channel, the total consideration will be payable in cash upon completion of the Sale and Purchase Agreement. In this regard, the Revolving Facility Letter was entered into between the Company and Multi Channel in respect of the provision of financial assistance to Multi Channel for settlement of such consideration as well as for the routine business operations of Multi Channel. Since the grant of the Revolving Facility by the Company to Multi Channel of up to a maximum amount of HK\$22 million at any time for each of the three financial years ending 31 March 2010 is not proportionate to its indirect 51% shareholding in Multi Channel, the Revolving Facility Letter (including the Caps) constitutes financial assistance to other shareholders of Media Magic (who collectively hold the remaining 49% interests in Media Magic and thus are deemed as connected persons of the Company). As both Mr. Hsu Tung Chi and Mr. Hsu Tung Sheng are directors of Multi Channel, the grant of the Revolving Facility (including the Caps) to Multi Channel thus constitutes a continuing connected transaction of the Company under the GEM Listing Rules. Furthermore, the relevant percentage ratio is more than 2.5% but less than 25% and the annual consideration is more than HK\$10 million, the grant of the Revolving Facility (including the Caps) is subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 20.63 of the GEM Listing Rules.

As the provision of the Revolving Facility to Multi Channel will be funded by the net proceeds received from the placing and top-up subscription of new Shares completed and announced on 23 April 2007 by the Company, it is unlikely to have a significant impact on the Group's results of operations and financial position. As the interest rate shall be charged at the best lending rate for Hong Kong dollar loan per annum as quoted from time to time by The Hongkong and Shanghai Banking Corporation Limited, we consider that the interest rate is fair and reasonable and the Revolving Facility Letter is on normal commercial terms.

As the granting of the maximum facility amount of HK\$22 million pursuant to the Revolving Facility Letter (the Caps) for each of the three financial years ending 31 March 2010 by the Company is determined as the maximum facility amount of the Revolving Facility and out of which, (1) approximately RMB5.5 million will be used for payment of the remaining balance of the total consideration of the Acquisition; (2) approximately RMB11 million will be used to increase the registered capital of PalmPay (互聯視通) as step for reorganizing PalmPay (互聯視通) as a wholly foreign owned enterprise in the PRC; (3) approximately RMB5 million will be used to provide a loan to PalmPay (互聯視通) as its working capital if required; and (4) the remaining balance of approximately RMB0.5 million will be used for general working capital of Multi Channel. In the event that Multi Channel considers not necessary to procure a loan to PalmPay (互聯視通), then approximately RMB5 million will be used for general working capital of Multi Channel. We consider that the Caps are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account (i) the purpose for the Revolving Facility Letter is to provide financial assistance to Multi Channel, being an indirect non wholly-owned subsidiary of the Company, for the Acquisition and for the business operations of Multi Channel; and (ii) the interest income receivable by the Group at a reasonable rate for the amount of drawdown under the Revolving Facility Letter, we consider that the entering into of the Revolving Facility Letter is in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that the terms of the Revolving Facility Letter (including the Caps), which is not in the ordinary and usual course of business of the Company, are fair and reasonable and on normal commercial terms, and that the provision of the financial assistance to Multi Channel is in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM in respect of the Revolving Facility Letter (including the Caps).

Yours faithfully,
For and on behalf of
Nuada Limited

Bernard Chan
Executive Director

Po Chan
Executive Director

The details of the Directors who will retire from office at the SGM and being eligible, offer themselves for re-election at the SGM, are set out below:

Mr. Chan Hin Wing, James (“Mr. James Chan”) aged 57, graduated from the Hong Kong Polytechnic University majoring in marketing, economics and finance. He is also a member of American Marketing Association, British Institute of Management and Chartered Institute of Marketing.

Mr. James Chan has over 35 years of experience in sales, marketing, franchising and chain store establishments in the Asia Pacific region. Mr. James Chan is a pioneer in opening up various market sectors of the PRC to foreign investors. He has successfully promoted numerous joint ventures between PRC corporations and foreign partners.

Mr. James Chan is currently the managing director of a company principally engaging in the field of nanotechnology. Mr. James Chan is also a director of two subsidiaries of the Company, namely, Media Magic Technology Limited and Multi Channel Technology Limited. Save as disclosed, Mr. James Chan does not hold any positions in the Company or any of its subsidiaries and did not hold any directorship and other major appointments in any listed public companies in the last three years before his appointment as an executive Director.

Mr. James Chan does not have any relationships with any Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). As at the Latest Practicable Date, Mr. James Chan is interested in 9,550,000 Shares. Save as disclosed, Mr. James Chan does not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

Mr. James Chan has entered into a letter of appointment with the Company for a term of one year from 1 November 2006, which will continue thereafter until terminated by either party giving not less than one month’s notice in writing. Mr. James Chan is entitled to a fixed salary of HK\$10,000 per month which was determined by arm’s length negotiation between Mr. James Chan and the Company with reference to the then prevailing market condition. He is also entitled to a year-end discretionary bonus to be determined by the Board from time to time.

Mr. Chan Francis Ping Kuen (“Mr. Chan”), aged 48, holds a bachelor’s degree in economics from the University of Sydney in Australia. He is an associate member of the Institute of Chartered Accountants in Australia and also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 20 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of companies listed in Hong Kong and in the United States.

Mr. Chan is currently an independent non-executive director of China Elegance (Holdings) Limited (stock code: 476) and Earnest Investment Holdings Limited (stock code: 339), the shares of which are listed on the main board of the Stock Exchange. Mr. Chan is also currently an independent non-executive director of Hua Xia Healthcare Holdings Limited (stock code: 8143), the shares of which are listed on the GEM of the Stock Exchange. Mr. Chan has also acted as directors of other listed companies in Hong Kong in the last three years. Mr. Chan was previously an executive director of Maxitech International Holdings Limited (stock code: 8136) and an independent non-executive director of Global Solution Engineering Limited (stock code: 8192), the shares of which are listed on the GEM of the Stock Exchange. Mr. Chan was also previously an independent non-executive director of Kinetana International Biotech Pharma Limited (stock code: 8031), which has been delisted from GEM since 1 September 2006. Save as disclosed herein, Mr. Chan has not held other directorship in any other listed companies in Hong Kong in the last three years.

Mr. Chan is also a director of three subsidiaries of the Company, namely, Upper Power Limited, Media Magic Technology Limited and Multi Channel Technology Limited. Save as disclosed, Mr. Chan does not hold any other positions in the Company or any of its subsidiaries.

Mr. Chan has entered into a letter of appointment with the Company for an initial term of one year commencing on 22 May 2007, which will continue thereafter until being terminated by either party giving not less than one month's notice. His emolument in connection with his position as an executive Director is HK\$10,000 per month which was determined by arm's length negotiation between Mr. Chan and the Company with reference to the then prevailing market condition. He is also entitled to a discretionary year-end bonus to be determined by the Board from time to time.

Mr. Chan does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules. As at the Latest Practicable Date, Mr. Chan does not have any interests in the securities in the Company within the meaning of Part XV of the SFO.

Mr. Lo Ka Tong (“Mr. Lo”) aged 59, holds a master's degree in science (electrical engineering and computer science) from the University of New Mexico and a bachelor's degree in science in electrical engineering from the University of Hong Kong. He has over 13 years of experience in software development and project management and has about 22 years of experience in the power supply and PCB assembly industry.

Mr. Lo has been and continues to be directors of Union Bridge Investment Limited, Union Bridge International Limited, Union Bridge Group Limited, Popbridge Industrial Limited, Popbridge Manufacturing Limited, Dongguan Popbridge Electronic Co., Ltd., Sun Bridge Group Limited, Sun Bridge Industrial Company Limited and Popbridge Group Limited. All of those companies became wholly-owned subsidiaries of the Company since 20 March 2006, upon completion of the acquisition of the equity interests in Union Bridge Group Limited by the Company. Save as disclosed herein, Mr. Lo does not hold any other positions in the Group and did not hold any directorship or other major appointments in any other listed public companies in the last three years before his appointments as an executive Director and the chief executive officer of the Company.

Mr. Lo does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). As at the Latest Practicable Date, Mr. Lo does not have any interest in the Securities of the Company within the meaning of Part XV of the SFO.

Mr. Lo has been appointed by way of a letter of appointment for a term of one year from 14 August 2006, which will continue thereafter until terminated by either party giving not less than one month's notice in writing. Apart from receiving HK\$65,000 per month as basic salary and HK\$40,000 as housing allowance for acting as a director of the subsidiaries of the Company as set out above, it has been agreed between Mr. Lo and the Company that Mr. Lo will not be receiving further director's emoluments for acting as an executive Director and that Mr. Lo will be subject to retirement by rotation and re-election at the next annual general meeting of the Company in accordance with the memorandum of association and bye-laws of the Company. The remuneration of Mr. Lo was determined after arm's length negotiation with reference to the then prevailing market conditions, his time commitment and responsibilities towards the Company and whether the remuneration package is competitively attractive to retain Mr. Lo as an executive Director and directors of the aforesaid subsidiaries of the Company.

Dr. Ho Hoi Lap ("Dr. Ho"), aged 58, received his Bachelor of Arts (Hon) degree from the Chinese University of Hong Kong, Master of Science in Librarianship from the W. Michigan University, Ph.D. from the University of Chicago, and his J.D. from the John Marshall Law School, Chicago. Dr. Ho is an attorney of the United States specialising in international trade and investment and government regulatory work.

Dr. Ho previously worked as Regional Head, Government Relations, Prudential Corporation Asia, senior vice president, Shaklee (China) Co. Ltd, and chief counsel and director of government affairs, Greater China Region, Amway Corporation. Dr. Ho was also previously a government official in the State of Illinois and thereafter as a senior associate in a national law firm based in Chicago.

Dr. Ho was a member of the Board of Governors and the chairman of the Retail Forum of the American Chamber of Commerce, Beijing (2004, 2005). He was also a member of the Guangdong WTO Affairs Consultation Service Center (2003, 2004). In 2001, Dr. Ho served as the committee chairman, Government Outreach, Asia Pacific Economic Cooperation/Consumer Education Program Initiative.

Save for acting as a non-executive Director, Dr. Ho does not hold any other positions in the Company or any of its subsidiaries and did not hold any directorship or other major appointments in any other listed public companies in the last three years immediately prior to the date of appointment as a non-executive Director. Dr. Ho has entered into a letter of appointment with the Company for an initial term of one year commencing on 15 June 2007, which will continue thereafter until being terminated by either party giving not less than one month's notice. His emolument in connection with his position as a non-executive Director is HK\$10,000 per month which was determined with reference to the then market terms, qualifications and work experience of Dr. Ho, plus a discretionary year-end bonus to be determined by the Board from time to time.

Dr. Ho does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company within the meaning of the GEM Listing Rules. As at the Latest Practicable Date, save for holding 2,120,000 Shares representing 0.19% of the total issued share capital of the Company, Dr. Ho does not have any interests in the securities in the Company within the meaning of Part XV of the SFO.

Save as disclosed herein, the Board is not aware of any other matters which need to be brought to the attention of the Shareholders and there is no other information which is discloseable pursuant to any of the requirements set out in Rule 17.50(2) (h) to (v) of the GEM Listing Rules in relation to the proposed re-election of Mr. Chan Hin Wing, James, Mr. Lo Ka Tong, Mr. Chan Francis Ping Kuen as executive Directors and Dr. Ho Hoi Lap as non-executive Director at the SGM.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and is not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS**(a) Interests of Directors and chief executive of the Company**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 is taker 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 to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

Beneficial interests and short position in Shares as at the Latest Practicable Date

Name of Director	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital
Ho Hoi Lap	Beneficial	2,120,000 (L)	0.19%
Chan Hing Wing, James	Beneficial	9,550,000 (L)	0.85%

(L) Long position

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken 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 to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

(b) Director's interest in assets and/or arrangement

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been since 31 March 2007, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there were no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

(c) **Interests of substantial Shareholders**

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and other persons who required to disclose their interests under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital
Starryland Profits Limited (<i>Note 1</i>)	Beneficial	322,795,000(L)	28.85%
Lau Kim Hung, Jack ("Mr. Lau") (<i>Note 1</i>)	Interests in controlled corporation	322,795,000(L)	28.85%
Chan Yiu Kam, Katie (<i>Note 1</i>)	Family interests	322,795,000(L)	28.85%

(L) *Long position*

Notes:

- 1 Starryland Profits Limited, a company incorporated in BVI, is wholly and beneficially owned by Mr. Lau. By virtue of the SFO, Mr. Lau and Ms. Chan Yiu Kan Katie, being the wife of Mr. Lau, are deemed to be interested in 322,795,000 Shares held by Starryland Profits Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTEREST

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing from the date of the relevant appointment, which will continue thereafter until terminated by either party giving not less than one month's notice in writing to the other party.

As at the Latest Practicable Date, none of the Directors and any of their respective associates has an interest in a business which competes or may compete with the business of the Group or has any other conflict of interest which any such person has or may have with the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. SHARE CAPITAL OF THE COMPANY

Authorised		<i>HK\$</i>
2,000,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid		
1,118,967,500	Shares in issue as at the Latest Practicable Date	55,948,375

8. PROCEDURES FOR THE DEMAND BY POLL

The following sets out the procedures by which the Shareholders may demand a poll at the SGM.

Pursuant to Bye-law 66, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the Bye-Laws) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (v) if required by the rules of the Designated Stock Exchange (as defined in the Bye-laws), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

9. CONTRACTS FOR INSPECTION

The following contracts have been entered into by members of the Group and will be available for inspection at the principal place of business of the Company up to the date of the SGM:

- (a) the letters of appointment entered into between the Company and each of the Directors as disclosed in this appendix;
- (b) the Revolving Facility Letter; and
- (c) the Sale and Purchase Agreement.

10. MISCELLANEOUS

1. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
2. The head office and the principal place of business of the Company in Hong Kong is located at Room 1805-06, 18/F., Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.
3. The principal share registrar and transfer office of the Company is The Bank of Bermuda Limited at Bank of Bermuda Building, 6 Front Street, Hamilton HM 11, Bermuda.
4. The Hong Kong branch share registrar and transfer office of the Company is Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
5. The company secretary and qualified accountant of the Company is Mr. Law Ho Ming, Albert. Mr. Law is currently an associate member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
6. The compliance officer of the Company is Mr. Wan Kin Chung.
7. The audit committee of the Company comprises the three independent non-executive Directors, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, and Mr. Chan Wing Chiu. Set out below are their background and directorships (present and past) of other companies listed on GEM, the main board of the Stock Exchange or other stock exchanges.

Mr. Kwok Chi Sun, Vincent, aged 43, who is the sole proprietor of Vincent Kwok & Co. and is a Certified Public Accountant. Mr. Kwok is also an independent non-executive director of four other listed companies in Hong Kong, i.e. Shun Ho Resources Holdings Limited, Shun Ho technology Holdings Limited, Magnificent Estates Limited and Kanhan Technologies Group Limited, the former three named companies are listed on the main board of the Stock Exchange while the last named company is listed on GEM.

Mr. Yeung Kam Yan, aged 53, is a member of the Air & Waste Management Association – Hong Kong Section. Mr. Yeung has over eight years of experience in accounting, sales and marketing in different international companies including Olivetti (Hong Kong) Ltd. From 1979 to 1982, O.P.D. Limited from 1982 to 1985 and Henry Boot Far East Limited from 1986 to 1990. Mr. Yeung also operated his own trading and investment business in the PRC from 1990 to 1998. He was also previously an executive director of Hua Xia Healthcare Holdings Limited, which shares are listed on GEM.

Mr. Chan Wing Chiu, aged 75, holds a bachelor's degree in electrical engineering from the South China University of Guangzhou, the PRC. Mr. Chan has over 48 years of experience in the power supply industry. Mr. Chan had been a power designer for signaling and communication engineering for the Ministry of Railways, the PRC for more than 27 years.

The audit committee reviews and provides supervision over the financial reporting process and internal control of the Group.

8. The English text of this circular shall prevail over the Chinese text in case of inconsistency.


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

(Incorporated in Bermuda with limited liability)

(Stock code: 8047)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Union Bridge Holdings Limited (the “**Company**”) will be held on Thursday, 23 August 2007 at 10:00 a.m. at 14/F., Printing House, 6 Duddell Street, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company with votes on resolutions numbered 1 and 2 to be taken by way of poll and resolutions numbered 3, 4, 5 and 6 to be taken by show of hands.

ORDINARY RESOLUTION 1

“**THAT** conditional upon the conditions set out in the revolving facility letter (the “**Revolving Facility Letter**”) dated 15 June 2007 entered into between the Company, as lender and Multi Channel, Technology Limited (“**Multi Channel**”), an indirect non wholly-owned subsidiary of the Company, as borrower in relation to the proposed grant of a revolving facility by way of the Revolving Facility Letter of up to a maximum amount of HK\$22 million at any time during the period commencing from the date of the Revolving Facility Letter and ending on the date 36 months from the date of the Revolving Facility Letter for financing the financial requirement of Multi Channel and its subsidiaries by the Company,

- (a) the Revolving Facility Letter and the transactions contemplated thereunder, be and are hereby ratified, approved and confirmed;
- (b) up to a maximum amount of HK\$22 million (the “**Cap**”) that may be drawn at any time for each of the three financial years ending 31 March 2010 by Multi Channel be and is hereby approved; and
- (b) any one or more directors of the Company (the “**Directors**”) be and is/are hereby authorized to implement and take all steps and do all acts and things and execute all such documents (including under seal) which he/she/they consider necessary or expedient to give effect to the Revolving Facility Letter (including the Cap) and all transactions contemplated thereunder.”

ORDINARY RESOLUTION 2

“**THAT** conditional upon the conditions set out in the sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 15 June 2007 entered into among Multi Channel, as purchaser, Mr. Yuan Sheng Jun and Ms. Gao Xiu Yun, as vendors (“**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,

* For identification purpose only

NOTICE OF SGM

- (a) the Sale and Purchase Agreement and the transactions contemplated thereunder, be and are hereby ratified, approved and confirmed;
- (b) any one or more Directors be and is/are hereby authorized to implement and take all steps and do all acts and things and execute all such documents (including under seal) which he/she/they consider necessary or expedient to give effect to the Sale and Purchase Agreement and all transactions contemplated thereunder.”

ORDINARY RESOLUTION 3

“**THAT** Mr. Chan Hin Wing, James be re-elected as an executive Director.”

ORDINARY RESOLUTION 4

“**THAT** Mr. Chan Francis Ping Kuen be re-elected as an executive Director.”

ORDINARY RESOLUTION 5

“**THAT** Mr. Lo Ka Tong be re-elected as an executive Director.”

ORDINARY RESOLUTION 6

“**THAT** Dr. Ho Hoi Lap be re-elected as a non-executive Director.”

On behalf of the Board
Union Bridge Holdings Limited
Wan Kin Chung
Chairman

Hong Kong, 13 July 2007

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
Room 1805-06
18/F., Riley House
88 Lei Muk Road
Kwai Chung
New Territories
Hong Kong

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his/her/its stead. A proxy need not be a member of the Company but must be present in person to represent the member.
2. A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 13 July 2007. In order to be valid, the form of proxy attached to this circular must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, at the offices of the branch share registrar of the Company in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the above Meeting or any adjournment thereof should he/she/it so wish.
3. Where there are joint holders of any share of the Company, any one of such holders may vote at the Meeting either personally or by proxy in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such holders be present at the Meeting personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.