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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)

**PRIVATE PLACING OF NON-LISTED WARRANTS
AND
RESUMPTION OF TRADING**

PLACING OF WARRANTS

The Directors are pleased to announce that on 12 October 2006 (after trading hours), the conditional Warrant Placing Agreement was entered into between the Company and the Subscriber in relation to a private placing of 93,000,000 Warrants to the Subscriber, at the Warrant Issue Price of HK\$0.015 per Warrant.

The Warrants entitle the Subscriber to subscribe for the New Shares at the Subscription Price of HK\$0.15 per New Share for a period of 18 months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share.

Completion is subject to the fulfillment of the conditions stated in the section headed “Conditions of the Warrant Placing” in this announcement.

It is intended that the net proceeds from the Warrant Placing of approximately HK\$1.1 million will be applied as general working capital of the Group.

The New Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 13 October 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 October 2006.

* *for identification purpose only*

WARRANT PLACING AGREEMENT

Date: 12 October 2006 (after trading hours)

Parties: (i) Issuer: the Company
(ii) Subscriber: the Subscriber

Information on the Subscriber

Rich Regent Inc., being the Subscriber, is a company incorporated in the British Virgin Islands carrying on principal business of investment holding and is wholly and beneficially owned by Mr. Ng. Apart from the entering into of the Warrant Placing Agreement, Rich Regent Inc. has not conducted any business activity since its incorporation.

Mr. Ng is a merchant and a private investor and has extensive experience in corporate banking and textile and cosmetics industries in Hong Kong and the PRC. To the best knowledge of the Directors, Mr. Ng is not a director of any listed companies on the Stock Exchange.

The Subscriber and its ultimate beneficial owner are private investors. The Directors confirm that the Subscriber and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company (as defined under the GEM Listing Rules). Prior to entering into of the Warrant Placing Agreement, neither the Subscriber nor Mr. Ng has any interests in or business dealings/transactions with the Group.

Number of Warrants

93,000,000 Warrants in aggregate and pursuant to the Warrant Placing Agreement, the Subscriber has agreed to subscribe for 93,000,000 Warrants representing 100% of the aggregate Warrants to be issued.

Warrant Issue Price

The Warrant Issue Price is HK\$0.015 per Warrant while the net Warrant Issue Price is approximately HK\$0.012 per Warrant, net of among other fees, legal fees, printing expenses and the fees for the application of listing of the New Shares.

Subscription Price

The Subscription Price is HK\$0.15 per New Share, which is same as the net Subscription Price and subject to adjustment based on the prescribed formulas as set out in the instrument creating the Warrants for the happening of the following adjustment events:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution in cash or in specie other than out of distributable profits of the Company being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such);
- (iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 80 per cent. of the average market price of one Share for the five consecutive dealings days ending on such last dealing day immediately preceding the day on which the market price is to be ascertained (the “**market price**”) being made by the Company to the Shareholders (in their capacity as such);
- (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share is less than 80 per cent. of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80 per cent. of such market price;
- (vii) an issue of Shares being made wholly for cash at a price less than 80 per cent. of the market price; and
- (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

Every adjustment to the Subscription Price shall be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank.

The Warrant Issue Price and the Subscription Price were negotiated on an arm's length basis between the Company and the Subscriber.

The Subscription Price represents (i) a discount of approximately 11.76% to the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on 12 October 2006, being the last trading day before the date of the Warrant Placing Agreement; (ii) a discount of approximately 13.79% to the average closing price of HK\$0.174 per Share as quoted on the Stock Exchange for the last five trading days up to and including 12 October 2006; (iii) a discount of approximately 13.79% to the average closing price of HK\$0.174 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 12 October 2006, and (iv) a premium of approximately 233.33% (on the basis of 465,000,000 total existing issued Shares and without having adjusted for the effect of Placing (as defined under the heading "Reasons For The Warrant Placing")) over the latest published audited net asset value per Share of approximately HK\$0.045 as shown in the Group' audited consolidated financial statements for the financial year ended 31 March 2006.

The aggregate of the Warrant Issue Price and the Subscription Price represents (i) a discount of approximately 2.94% to the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on 12 October 2006; (ii) a discount of approximately 5.17% to the average closing price of HK\$0.174 per Share as quoted on the Stock Exchange for the last five trading days up to and including 12 October 2006; (iii) a discount of approximately 5.17% to the average closing price of HK\$0.174 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 12 October 2006, and (iv) a premium of approximately 266.67% (on the basis of 465,000,000 total existing issued Shares and without having adjusted for the effect of Placing) over the latest published audited net asset value per Share of approximately HK\$0.045 as shown in the Group' audited consolidated financial statements for the financial year ended 31 March 2006.

Having considered (i) the discount of the aggregate of the Warrant Issue Price and Subscription Price to the recent trading prices of the Shares is unsubstantial, (ii) there is a premium to the net asset value per Share and (iii) the value of the Warrants the Subscriber is subscribing, the Board considers that both the Subscription Price and the aggregate of it with the Warrant Issue Price are fair and reasonable, which are determined after arm's length negotiations between the Company and the Subscriber, and are in the interests of the Company and the Shareholders as a whole.

Transferability

The Warrants are transferable only to third parties independent of the Company and connected persons of the Company (as defined under the GEM Listing Rules), in integral multiples of 5,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants are less than 5,000,000 Warrants, the whole but not part of the outstanding Warrants). Apart from the aforesaid, there are no restrictions on the transfer of the Warrants from the Subscriber to other parties, and no consent from the Company is required before such transfer is to take place.

Completion Date

Completion will take place on the third Business Day after the fulfillment of the conditions referred to in the section headed “Conditions of the Warrant Placing” below. HK\$1,395,000, being the aggregate Warrant Issue Price for 93,000,000 Warrants, shall be payable by the Subscriber at Completion. The Subscription Price shall be payable by holder(s) of Warrants upon the exercise of the subscription rights attaching to the Warrants.

Information of the Warrants

The Warrants will be issued to the Subscriber upon Completion in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one New Share at the Subscription Price and is to be issued at the Warrant Issue Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of 18 months commencing from the date of issue of the Warrants at integral multiples of 5,000,000 Warrants. Where the number of the outstanding Warrants is less than 5,000,000 Warrants, the Subscriber shall have the right to exercise the whole but not part of the outstanding number of Warrants to subscribe for the New Shares in cash at the Subscription Price per New Share. The New Shares, when fully paid and allotted, will rank pari passu in all respects with the then existing issued Shares. The integral multiples of 5,000,000 Warrants is arrived at by the parties to the Warrant Placing Agreement after taking into consideration of the costs and expenses for transferring or exercising the rights under the Warrants.

Any subscription rights attaching to the Warrants which have not been exercised upon the expiration of the 18-month subscription period shall lapse.

A total of 93,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 93,000,000 New Shares (in aggregate nominal value of HK\$4,650,000), representing (i) 20% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares from the full exercise of the subscription rights attaching to the Warrants. As at the date of this announcement, save for the Warrants to be issued, the Company does not have any other outstanding securities with subscription rights to subscribe for Shares. The Directors also confirm that they will exercise every caution in relation to any subsequent proposed issue of any securities to ensure compliance with Rule 21.02 of the GEM Listing Rules.

Apart from the restriction on Warrant transfer as set out under the heading “Transferability” above, subject to the relevant provisions under the GEM Listing Rules, there are no other prohibitions on the Company to issue further securities nor are there any limitation on the Subscriber to transfer the New Shares in the Warrant Placing Agreement.

Conditions of the Warrant Placing

Completion shall be subject to and conditional upon, among other things, the following:

- (1) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object and the satisfaction of such conditions; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the New Shares.

If the conditions of the Warrant Placing Agreement are not fulfilled on or before 5:00 p.m. on 25 October 2006 (or such later date as may be agreed between the Company and the Subscriber), the Warrant Placing Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Voting rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Mandate to issue the New Shares

The New Shares will be allotted and issued under the General Mandate granted to the Directors by the Shareholders at an annual general meeting of the Company held on 10 August 2006 to allot and issue up to 20% of the aggregate nominal amount of the issued share capital of the Company on that date, being HK\$4,650,000 divided into 93,000,000 Shares.

The 93,000,000 New Shares to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants utilises 100% of the General Mandate. The General Mandate has not been previously utilised prior to the Warrant Placing.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE WARRANT PLACING

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 as well as trading and manufacturing of electronics devices and components and the provision of a full range of design and engineering services to high-end brand-named users in the industry.

As stated in the annual report of the Group for the financial year ended 31 March 2006, the Group intends to look for opportunities to diversity its revenue base, explore new markets and develop new products so as to optimize Shareholders' interests. The Group recorded net loss of approximately HK\$7.7 million for the year ended 31 March 2006 and a cash position of HK\$4.42 million as at 31 March 2006.

On 11 August 2006, the Group entered into a subscription agreement and a sale and purchase agreement with an independent third party (as defined in the GEM Listing Rules) for its acquisition of 20% equity interest in Media Magic Technology Limited, a company engages principally in provision of mobile value-added service business in the PRC for a consideration of HK\$10 million. Details of such acquisition have been set out in the announcement and circular of the Company dated 22 August 2006 and 7 September 2006 respectively. The consideration of HK\$10 million was settled with the net proceeds raised through a placing (the "**Placing**") completed in 19 June 2006. The total net proceeds raised in the Placing was approximately HK\$17.1 million of which up to HK\$12 million was intended to be applied for investments for the Group's future development and the remaining balance for general working capital purposes. As at the date of this announcement, the net proceeds from the Placing had largely been utilised. Further elaboration on the application of the proceeds from the Placing is set out under the heading "Summary Of Fund Raising Activity In The Past 12 Months" below.

Upon the full exercise of the subscription rights attaching to the Warrants and taking into account of the net proceeds from the Warrant Placing, the Company will receive gross proceeds of approximately HK\$15.35 million. It is intended that the net proceeds from the Warrant Placing of approximately HK\$1.1 million will be applied as general working capital of the Group and any proceeds from the issue of New Shares upon full exercise of the subscription rights attaching to the Warrants in the future will be applied for investments that will enhance the Group's future development, including but not limited to further investment in the mobile value-added service business in the PRC. The Directors have always been active in seeking investment opportunities, whether within the existing principal line of business of the Company, that would increase the value of the Company. It is the intention of the Group to seek investment opportunities while keeping abreast with its existing principal line of business. As at the date of this announcement, no suitable investment has been identified nor had there been any concrete plan or arrangement made requiring disclosure pursuant to Rule 17.10 of the GEM Listing Rules.

As the net proceeds from the Placing had largely been utilised, the Directors are of the view that additional funding will be beneficial and in the interest of the Group and the Shareholders as a whole. The Board considered that the Warrant Placing is a more appropriate means of fund raising activity for the Company as it does not have any immediate dilution effect on the shareholding of the existing Shareholders while capital will be raised upon Completion. In addition, further capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holder of the Warrants during the subscription period.

Given the principal activities of the Group as mentioned above, a solid financial position is no doubt advantageous for the maintenance and growth of its principal business. The Directors are of the view that the Warrant Placing provides a good opportunity to strengthen the Company's financial position in the event the Subscriber fully exercises its subscription right under the Warrant Placing Agreement and to cater for future needs for its operation and development. In view of the above, the Directors consider that the Warrant Placing is in the interests of the Company and the Shareholders as a whole.

Immediately after Completion, there will be no change to the composition of the Board and the principal business engaged by the Group. Although the Subscriber will become a substantial Shareholder upon full exercise of the subscription rights attaching to the Warrants, the Subscriber has no current intention to nominate any persons to join the Board.

SUMMARY OF FUND RAISING ACTIVITY IN THE PAST 12 MONTHS

The following table summaries the fund raising activity of the Group for the 12 months immediately preceding the date of this announcement:

	Placing of Shares
Number of Share placed	60,000,000 Shares
Completion date of placing	19 June 2006
Subscription price per Share	HK\$0.30
Gross proceeds	HK\$18 million
Net proceeds	Approximately HK\$17.1 million
Placees of placing	Not less than six independent institutional, corporate and/or individual investors who are independent of the Company and its connected persons (as defined under the GEM Listing Rules)
Intended use of proceeds	Approximately HK\$12 million towards future development of the Group and the remaining balance towards general working capital of the Group
Actual use of proceeds	HK\$10 million had been applied for the consideration for the acquisition of 20% of the shareholding interest of a business engaged in provision of mobile value-added service business in the PRC as disclosed in the announcement of the Company dated 22 August 2006 and circular dated 7 September 2006. Approximately HK\$5.1 million was used up for general working capital of the Group and the remaining balance of approximately HK\$2 million is reserved for future development of the Group as announced.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 465,000,000 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants are as follows:

	As at the date of this announcement		Immediately after full exercise of the subscription rights attached to the Warrants	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders				
Starryland Profits Limited (<i>Note 1</i>)	202,500,000	43.55%	202,500,000	36.29%
Union Bridge Power Systems Limited (<i>Notes 2 & 4</i>)	75,000,000	16.13%	75,000,000	13.44%
Wan Kin Chung (<i>Note 3</i>)	300,000	0.06%	300,000	0.05%
Wong Tak Shing (<i>Note 3</i>)	3,750,000	0.81%	3,750,000	0.67%
Cheng Kwong Chung (<i>Note 3</i>)	3,750,000	0.81%	3,750,000	0.67%
Lo Ka Tong (<i>Note 2 & 3</i>)	3,750,000	0.81%	3,750,000	0.67%
Subscriber (<i>Notes 2 & 4</i>)	–	–	93,000,000	16.67%
Public	175,950,000	37.83%	175,950,000	31.53%
Total	<u>465,000,000</u>	<u>100.00%</u>	<u>558,000,000</u>	<u>100.00%</u>

Notes:

1. Starryland Profits Limited is wholly and beneficially owned by Mr. Lau Kim Hung, Jack who does not hold any positions in the Group.
2. Union Bridge Power Systems Limited is beneficially interested in 75,000,000 Shares and 48,947,368 Shares to be issued pursuant to the conversion of the convertible notes issued by the Company (the “**Conversion Shares**”). If 48,947,368 Conversion Shares are issued, Union Bridge Power Systems Limited will be interested in 24.12% of the total issued Shares as enlarged by the allotment of the Conversion Shares. Union Bridge Power Systems Limited is beneficially owned as to 51.82% by Mr. Lo Ka Tong and Ms. Cheng Pui Ping collectively and 48.18% by the Twelve Shareholders. The identity of the Twelve Shareholders are set out under the heading “Definitions” below.
3. Messrs. Wan Kin Chung, Wong Tak Shing, Cheng Kwong Chung and Lo Ka Tong are executive Directors.
4. Rich Regent Inc., being the Subscriber, is wholly and beneficially owned by Mr. Ng. The Subscriber and Mr. Ng are independent of and not connected with Union Bridge Power Systems Limited and its connected persons (as defined under the GEM Listing Rules).

The Company has adopted a share option scheme prior to its shares becoming listed on GEM pursuant to a written resolution passed on 18 October 2001 by the Shareholders. As at the date of this announcement, no share options granted under the scheme were outstanding.

The Directors confirm that, save as disclosed herein, there are no other warrants, options or similar rights outstanding that confers rights to subscribe for or purchase Shares of the Company that requires disclosure under Chapter 21 of the GEM Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 13 October 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 October 2006.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Union Bridge Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Warrant Placing in accordance with the terms and conditions of the Warrant Placing Agreement
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company convened and held on 10 August 2006
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Mr. Ng”	Mr. Ng Sze Hoi, Danny, the ultimate beneficial owner of the Subscriber
“New Share(s)”	new Share(s) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrant(s)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.05 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Rich Regent Inc., the subscriber to the Warrant Placing Agreement, is a company incorporated in the British Virgin Islands and the ultimate beneficial owner of which is Mr. Ng
“Subscription Price”	an initial Subscription Price of HK\$0.15 per New Share (subject to adjustment) at which holder of the Warrants may subscribe for the New Shares
“Twelve Shareholders”	12 individual and corporate beneficial owners owning collectively 48.18% of Union Bridge Power Systems Limited including Orient Wiser Enterprises Ltd. as to approximately 20%, New Mileage Limited as to approximately 5.2%, China Olympic Limited as to approximately 5%, Mr. Po Kam Hi, John as to approximately 4.11%, Mr. Ma She Shing, Albert as to approximately 4.05%, Rosso Holdings Ltd. as to approximately 2.73%, Mr. Chan Tim Hung as to approximately 1.88%, Mr. Kwong Fat Pui as to approximately 1.5%, Mr. Law Tak Cheong as to approximately 1.24%, Bestrade Technologies Limited as to approximately 1.23%, Ms. Leung Suk Fong, Florence as to approximately 0.94% and Mr. Ying Wing Cheung as to approximately 0.3%
“Warrant(s)”	93,000,000 non-listed warrants to be issued by the Company at the Warrant Issue Price, each entitles the holder thereof to subscribe for one New Share at the Subscription Price of HK\$0.15 (subject to adjustment) at any time during a period of 18 months commencing from the date of issue of the Warrants

“Warrant Issue Price”	HK\$0.015 per unit of Warrant to be issued pursuant to the Warrant Placing
“Warrant Placing”	a private placing of the Warrants at the Warrant Issue Price pursuant to the Warrant Placing Agreement
“Warrant Placing Agreement”	the conditional subscription agreement dated 12 October 2006 and entered into between the Company and the Subscriber in relation to the subscription of 93,000,000 Warrants by the Subscriber
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 13 October 2006

As at the date of this announcement, Mr. Wan Kin Chung, Mr. Cheng Kwok Chung, Mr. Lo Ka Tong and Mr. Wong Tak Shing are executive Directors, and Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu are independent non-executive Directors.

This announcement, 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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