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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)

**DISCLOSEABLE TRANSACTION
INVOLVING ACQUISITION OF 31% INTERESTS IN
MEDIA MAGIC TECHNOLOGY LIMITED
WITH CONSIDERATION SHARES
AND
SUSPENSION AND RESUMPTION OF TRADING**

INTRODUCTION

Reference is made to the Former Announcement dated 22 August 2006 whereby the Company announced that on 11 August 2006, Upper Power entered into (i) the Subscription Agreement whereby Upper Power, as subscriber, has subscribed for 5,556 new MM Shares representing 10% of the issued share capital of Media Magic as enlarged by the issue of such new MM Shares; and (ii) the Former Sale and Purchase Agreement pursuant to which Upper Power has purchased, severally, from the Vendor, Mr. Mar King Tong, Allise and Mr. Cheung Sai Man, an aggregate of 5,556 MM Shares, representing 10% of the issued share capital of Media Magic as enlarged by the issue of the new MM Shares pursuant to the Subscription Agreement.

SALE AND PURCHASE AGREEMENT

The Board announces that on 16 November 2006, after trading hours, Upper Power, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which, the Vendor, as vendor, has agreed to sell, and Upper Power, as purchaser, has agreed to purchase, the Sale Shares, representing approximately 31% of the issued share capital of Media Magic as at the date of the Sale and Purchase Agreement and the entire interests held by the Vendor in Media Magic, for a total consideration of HK\$16,120,000 which shall be settled by Upper Power procuring the Company to issue the Consideration Shares and the Promissory Note.

* For identification purpose only

Completion of the Sale and Purchase Agreement is subject to, among other conditions, the entering into of the Ancillary Agreements by the relevant parties. The Ancillary Agreements encompass (i) the Exclusive Share Purchase Agreement whereby Mr. Yuan would grant to Multi Channel an exclusive right to purchase his entire interests in PalmPay (互聯視通); (ii) the Share Charge pursuant to which Mr. Yuan would charge his entire interests in PalmPay (互聯視通) in favour of Multi Channel to secure, among other things, the performance of Mr. Yuan under the Exclusive Share Purchase Agreement; (iii) the Consultancy Service Agreement under which 東方匯眾 (Dong Fang Hui Zhong) would provide consultancy services to PalmPay (互聯視通) to assist the latter's business development; (iv) the Management Appointment Agreement by which Mr. Yuan and PalmPay (互聯視通) would agree to appoint directors, and Multi Channel would be entitled to request to remove the general manager and legal representative of PalmPay (互聯視通) and replace therewith its nominee in accordance with the directions of Multi Channel; (v) the Director's Undertaking to be provided by Mr. Yuan who would undertake, among other things, to resolve resolutions of the board of directors of PalmPay (互聯視通) in accordance with the directions of Multi Channel; and (vi) the Shareholder's Undertaking to be provided by Mr. Yuan who would undertake, among other things, to resolve resolutions of the shareholders of PalmPay (互聯視通) in accordance with the directions of Multi Channel. Further details of the conditions and the Ancillary Agreements are set out under the heading "Conditions Precedent" and "The Ancillary Agreements" below respectively.

Upon completion of the Sale and Purchase Agreement, the Company will issue the Consideration Shares and the Promissory Note to the Vendor. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Directors will seek a specific mandate from the Shareholders at the SGM to allot and issue the Consideration Shares.

Upon completion of the Sale and Purchase Agreement, the Company will hold indirectly 51% equity interests in Media Magic and that (i) Media Magic will become a subsidiary of the Company with its accounts being consolidated with that of the Group; and (ii) the accounts of PalmPay (互聯視通) will also be consolidated with that of the Group.

The Transactions (the aggregate of transactions under the Subscription Agreement, the Former Sale and Purchase Agreement and the Sale and Purchase Agreement) constitute a discloseable transaction on the part of the Company under the GEM Listing Rules. A circular containing, among other matters, details of the Acquisition, further information on the Group and a notice convening the SGM for the approval of the Shareholders on, among other matters the issue of the Consideration Shares will be despatched to the Shareholders as soon as practicable in compliance with the GEM Listing Rules. As at the date of this announcement, no Shareholders are required to abstain from voting at the SGM.

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 17 November 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 24 November 2006.

INTRODUCTION

Reference is made to the Former Announcement dated 22 August 2006 whereby the Company announced that on 11 August 2006, Upper Power entered into (i) the Subscription Agreement whereby Upper Power, as subscriber, has subscribed for 5,556 new MM Shares representing 10% of the issued share capital of Media Magic as enlarged by the issue of such new MM Shares; and (ii) the Former Sale and Purchase Agreement pursuant to which Upper Power has purchased, severally, from the Vendor, Mr. Mar King Tong, Allise and Mr. Cheung Sai Man, an aggregate of 5,556 MM Shares, representing 10% of the issued share capital of Media Magic as enlarged by the issue of the new MM Shares pursuant to the Subscription Agreement.

On 16 November 2006, Upper Power entered into the Sale and Purchase Agreement, pursuant to the which, the Vendor, as vendor, has agreed to sell, and Upper Power, as purchaser, has agreed to purchase, the Sale Shares for a total consideration of HK\$16,120,000 which shall be settled by Upper Power procuring the Company to issue the Consideration Shares and the Promissory Note.

THE SALE AND PURCHASE AGREEMENT

Date: 16 November 2006 (after trading hours)

Parties: (1) Upper Power, a wholly owned subsidiary of the Company, as purchaser; and
(2) The Vendor, as vendor

As at the date of the Sale and Purchase Agreement, Media Magic is beneficially owned as to 31% by the Vendor, 9% by Mr. Hsu Tung Chi who is the younger brother of the Vendor, 20% by Upper Power, 20% by Mr. Mar King Tong, Allise and the remaining 20% by Mr. Cheung Sai Man. The Vendor is currently a director of Media Magic. Save as disclosed, to the best of the Directors' knowledge, information and belief, the Vendor, Mr. Hsu Tung Chi, Mr. Mar King Tong, Allise and Mr. Cheung Sai Man are Independent Third Parties. Other than the entering into of the Former Sale and Purchase Agreement, the Vendor had not had any business relationship/transaction with the Group prior to the entering into of the Sale and Purchase Agreement.

Further information regarding the Vendor is addressed under the paragraph headed "INFORMATION ON THE VENDOR" below.

Assets to be acquired

The Sale Shares, representing approximately 31% of the existing issued share capital of Media Magic as at the date of the Sale and Purchase Agreement and the entire interests held by the Vendor in Media Magic.

Consideration

The total consideration for the Sale Shares is HK\$16,120,000 which shall be paid to the Vendor by Upper Power at completion of the Sale and Purchase Agreement in the following manner:

- (i) as to HK\$6,000,000 by procuring the Company to issue the Consideration Shares; and
- (ii) as to HK\$10,120,000 by procuring the Company to issue the Promissory Note.

The terms of the Consideration Shares and the Promissory Note are set out under the headings “Terms of the Consideration Shares” and “Terms of the Promissory Note” below respectively.

The consideration is determined after arm’s length negotiation between Upper Power and the Vendor with reference to the future prospect and business plan of the Media Magic Group and PalmPay (互聯視通) and the Profit Guarantee. For details of Media Magic and its future prospect and business plan and the Profit Guarantee, please refer to the sections headed “Information on Media Magic” and “Reasons for the Acquisition” and “Profit Guarantee” respectively below.

The total consideration of HK\$16,120,000 for the Acquisition together with the total consideration of HK\$10,000,000 paid under the Former Sale and Purchase Agreement and the Subscription Agreement represents approximately 1.89 times (approximately 3.80 times based on attributable (i.e. an aggregate of 51% equity interest in the Media Magic Group and 48.96% equity interest in PalmPay (互聯視通) combined net assets value of (HK\$6,879,798)) the total combined net assets value of HK\$13,830,000 of the Media Magic Group and PalmPay (互聯視通) as at 30 September 2006. The total consideration of HK\$16,120,000 for the Acquisition alone represents approximately 1.17 times (approximately 3.85 times based on attributable (i.e. an aggregate of 31% equity interest in the Media Magic Group and 29.76% equity interest in PalmPay (互聯視通)) combined net assets value of (HK\$4,181,838)) the total combined net assets value of HK\$13,830,000 of the Media Magic Group and PalmPay (互聯視通) as at 30 September 2006. Given the early stage of the business of the Media Magic Group and PalmPay (互聯視通) and the features of the telecommunication market in the PRC as further elaborated below in the section “Information on Media Magic” under the heading “Mobile value-added services business in the PRC”, the Directors (including the independent non-executive Directors) are of the view that the prospect of the Media Magic Group and PalmPay (互聯視通) as a whole lies in its market potential rather than its assets. The financial information on the Media Magic Group and PalmPay (互聯視通) is further provided in the section “Information on Media Magic” under the heading “Business to be carried on by Media Magic” below.

Having considered (i) the future prospect of the Media Magic Group and PalmPay (互聯視通) and (ii) the Profit Guarantee, the Directors (including the independent non-executive Directors) consider the consideration for the Acquisition (including the premium paid over the combined net assets value of the Media Magic Group and PalmPay (互聯視通) as stated above) to be fair and reasonable and that the Sale and Purchase Agreement is on normal commercial terms and its terms are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interests of the Group 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 (as the case may be):

- (a) all necessary consents and approvals required to be obtained on the part of Upper Power and the Vendor in respect of the sale and purchase of the Sale Shares and the matters contemplated thereunder having been obtained;
- (b) there had not been any breaches or possible breaches to the warranties given by the Vendor under the Sale and Purchase Agreement in relation to the business and financial operations of the Media Magic Group;
- (c) the Sale and Purchase Agreement and the matters contemplated thereunder, including the issue of the Consideration Shares and if required, the Promissory Note, having been approved by the Shareholders at a special general meeting;
- (d) the entering into of the Ancillary Agreements (as further elaborated under the heading “Ancillary Agreements” below) by the relevant parties;
- (e) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (f) the obtaining of a PRC legal opinion (in form and substance satisfactory to Upper Power) in relation to the feasibility, validity and legality of the Ancillary Agreements and related documents under the PRC Law and other matters relating to the Sale and Purchase Agreement;
- (g) the obtaining of a written confirmation from the auditors of Media Magic or PalmPay (互聯視通) that PalmPay (互聯視通) will be regarded as a subsidiary of Media Magic for accounting purpose and that the accounts of PalmPay (互聯視通) will be consolidated with that of Media Magic upon completion of the Sale and Purchase Agreement; and
- (h) Upper Power being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of Media Magic Group.

The Directors are not aware of any consents or approvals that are required to be obtained on the part of Upper Power (except for obtaining Shareholders’ approval on the issue and allotment of Consideration Shares at the SGM) and the Vendor under condition (a) above. Pursuant to the Sale and Purchase Agreement, conditions (b) and (h) are waivable by Upper Power, however, Upper Power does not have any intention to waive such conditions.

The obtaining of a written confirmation from the auditors of Media Magic or PalmPay (互聯視通) regarding the consolidation of the accounts of PalmPay (互聯視通) with that of Media Magic ensures the operations of PalmPay (互聯視通) may be reflected in the accounts of the Group upon

completion of the Acquisition. The Company has been advised verbally by its auditors that the accounts of PalmPay (互聯視通) may be consolidated with that of the Media Magic Group taken into account principally, the legality of the structure of the Ancillary Agreements (subject to the obtaining of a PRC legal opinion which is set out as one of the conditions precedent) and the Media Magic Group obtaining control over the board of directors of PalmPay (互聯視通). Updates on the views of the Company's auditors in that regard will be included in the circular of the Company to be despatched to the Shareholders.

Profit Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor has guaranteed and warranted to Upper Power that the audited consolidated net profit after taxation and extraordinary or exceptional items of Media Magic for the year ending 31 March 2008 (the “**2008 Guaranteed Profit**”) shall not be less than RMB8 million (to be prepared in accordance with generally accepted accounting principles in Hong Kong).

If the 2008 Guaranteed Profit is not achieved, an indemnity amount equivalent to the difference between the actual audited consolidated net profit after taxation and extraordinary or exceptional items for the year ending 31 March 2008 and the 2008 Guaranteed Profit, shall be payable by the Vendor to Upper Power on a dollar for dollar basis. If the Media Magic Group makes an audited loss for the year ending 31 March 2008 (the “**2008 Net Loss**”), an indemnity amount equivalent to the summation of the 2008 Net Loss (i.e. the absolute amount of the 2008 Net Loss) and the 2008 Guaranteed Profit, shall be payable by the Vendor to Upper Power on a dollar for dollar basis. The preparation of the audited accounts of the Media Magic Group shall be completed by no later than 30 June 2008. The indemnity, if any, shall be paid by the Vendor to Upper Power within seven Business Days upon receipt of the audited accounts of the Media Magic Group.

Having considered the business model of the Media Magic Group and the business cooperations that have been secured by PalmPay (互聯視通) thus far, which are further elaborated under the heading “Information on Media Magic” below and the Profit Guarantee is given for the year ending 31 March 2008 of Media Magic, which is about one and a half years time from now, the Directors (including the independent non-executive Directors) are optimistic about the fulfillment of the Profit Guarantee. The Directors (including the independent non-executive Directors) are further of the view that the Profit Guarantee does not constitute a profit forecast as provided under the GEM Listing Rules.

Further announcement will be made by the Company in the event the Profit Guarantee is not achieved or there is any failure on the part of the Vendor in achieving the 2008 Guaranteed Profit.

Long-stop date

The Sale and Purchase Agreement provides that should the satisfaction of all of its conditions, if not waived by Upper Power, not occur within 90 days from the entering into of the Sale and Purchase Agreement or such later date as Upper Power may agree in writing, the Sale and Purchase Agreement shall terminate and neither Upper Power nor the Vendor shall have any liability thereunder other than antecedent breaches.

Completion of the Acquisition

Completion of the Sale and Purchase Agreement shall take place within three Business Day 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 Vendor and Upper Power.

At completion of the Sale and Purchase Agreement, the Company shall issue to the Vendor the Consideration Shares and the Promissory Note and upon which the Company will hold indirectly 51% equity interests in Media Magic and that (i) Media Magic will become a subsidiary of the Company with its accounts being consolidated with that of the Group; and (ii) the accounts of PalmPay (互聯視通) will also be consolidated with that of the Group. As at the date of this announcement, there are no discussions or negotiations in relation to the acquisition of the remaining 49% equity interests in Media Magic between the relevant parties nor are there any current intention of the Group to acquire those remaining interests in Media Magic. Further announcement will be made in the event the Group acquires the remaining 49% equity interests in Media Magic in compliance with the GEM Listing Rules.

The Vendor has no present intention to nominate any representative to the Board as a result of the Acquisition.

Board Representation of Media Magic

As at the date of the Sale and Purchase Agreement, the board of directors of Media Magic comprises the Vendor and Mr. Law Ho Ming. Mr. Law Ho Ming is a nominee of the Group who was appointed as a director of Media Magic pursuant to the Subscription Agreement. Mr. Law Ho Ming is currently the assistant financial controller of the Company and a director of Upper Power.

Pursuant to the Sale and Purchase Agreement, Upper Power will be entitled to appoint additional members to the board of directors of Media Magic and/or its subsidiaries to obtain control of the board of directors of Media Magic. As at the date of this announcement, the Group has yet determined on the number of directors to be appointed to the board of directors of Media Magic. Updates in that regard will be made in the circular of the Company to be despatched to the Shareholders.

Extension of Undertaking

As indicated in the Former Announcement, the Vendor in his own personal capacity and on behalf of Media Magic has given an undertaking in relation to the entering into of an agreement with Elicense by Media Magic for the grant to Media Magic of a franchise of becoming the sole agent of Elicense on short messages payment system for the Greater China Region within three months (i.e. on or before 10 November 2006) from the date of the Former Sale and Purchase Agreement and the Subscription Agreement (the “**Elicense Undertaking**”). As Elicense requires further time to make logistical arrangement for granting the franchise to Media Magic, the franchise of becoming the sole agent of Elicense is unable to be concluded within the time as stipulated under the Elicense Undertaking.

In consideration of the entering into of the Sale and Purchase Agreement, Upper Power and the Vendor mutually agree by way of the Sale and Purchase Agreement to extend the time for concluding an exclusive contract with ELicense by Media Magic as provided in the ELicense Undertaking to 30 June 2007. Further announcement will be made if Media Magic is unable to enter into an agreement with ELicense for the latter's grant of a franchise to become the sole agent of ELicense by then.

ANCILLARY AGREEMENTS

Exclusive Share Purchase Agreement

Date: Before completion of the Sale and Purchase Agreement

Parties: (1) Mr. Yuan, as grantor;

(2) PalmPay (互聯視通); and

(3) Multi Channel as grantee

Prior to entering into of the Ancillary Agreements, Mr. Yuan does not have any business dealings with the Group. To the best of the Directors' knowledge, information and belief, Mr. Yuan is an Independent Third Party. Save for the Ancillary Agreements, to the best of the Directors' knowledge, information and belief, Mr. Yuan does not have any relationship with the Vendor and Media Magic nor are Mr. Yuan and the Vendor parties acting in concert within the meaning of the Hong Kong Code on Takeovers and Mergers.

Subject: Mr. Yuan will grant 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).

Consideration: RMB9,600,000, being 96% of the registered capital of PalmPay (互聯視通) or the then net asset value of PalmPay (互聯視通), whichever is lower.

Term: Within five years from the date of entering into of the Exclusive Share Purchase Agreement or such later date as agreed by both parties, whichever is later. Multi Channel may exercise its rights under the Exclusive Share Purchase Agreement in whole or in part up to 96% of the equity interest in PalmPay (互聯視通).

Deposit: HK\$4,500,000 (equivalent to approximately RMB4,590,000) as refundable deposit which has been paid by Multi Channel to Mr. Yuan before 30 September 2006. The remaining consideration of approximately RMB5,010,000 (assuming RMB9,600,000 as the total consideration) for the Exclusive Share Purchase Agreement shall be paid when the exclusive right granted thereunder is exercised.

The exercise of the rights under the Exclusive Share Purchase Agreement depends on a number of factors, of the more important ones are the relaxation of the restrictions of the telecommunication industry in the PRC and the benefits to be accrued against the costs to be incurred for running PalmPay (互聯視通) by the Group. Further announcement will be made as and when appropriate in relation to the exercise of the option granted under the Exclusive Share Purchase Agreement in compliance with the GEM Listing Rules.

Share Charge

- Date: Before completion of the Sale and Purchase Agreement
- Parties: (1) Mr. Yuan, as chargor; and
(2) Multi Channel as chargee
- Subject: In consideration of the entering into of the Exclusive Share Purchase Agreement, Mr. Yuan will create a charge over his entire interests in PalmPay (互聯視通) in favour of Multi Channel to secure (i) the deposit paid for the Exclusive Share Purchase Agreement and (ii) the performance of Mr. Yuan under the Exclusive Share Purchase Agreement.
- Term: The charging period will commence from the date of signing of the Share Charge until (i) the fulfillment of all obligations under the Exclusive Share Purchase Agreement and/or the Share Charge; (ii) the termination of the Exclusive Share Purchase Agreement; or (iii) in the reasonable opinion of Multi Channel that the conditions of any of the parties to the Share Charge have been changed which would adversely affect the performance of the Exclusive Share Purchase Agreement and/or the Share Charge.

Consultancy Service Agreement

- Date: Before completion of the Sale and Purchase Agreement
- Parties: (1) PalmPay (互聯視通); and
(2) 東方匯眾 (Dong Fang Hui Zhong)
- Subject: 東方匯眾 (Dong Fang Hui Zhong) will provide to PalmPay (互聯視通) consultancy services including (i) sending its employees to PalmPay (互聯視通) and providing guidance on PalmPay (互聯視通)'s daily operations and marketing strategies from time to time; (ii) providing training to sales and management staff of PalmPay (互聯視通); (iii) formulating sales plan for PalmPay (互聯視通)'s consideration in achieving its sales target; and (iv) providing assistance/support to PalmPay in aspects of management, sales, accounting, technology and administration which may include the provision of company secretarial services and seconding its employees to

PalmPay (互聯視通) for on site assistance. Terms and conditions for services other than the aforesaid (i) to (iv) to be provided by 東方匯眾 (Dong Fang Hui Zhong) shall be separately negotiated for and determined.

Term: The initial servicing period is fixed for one year from the date of the entering into of the Consultancy Service Agreement renewable in the second year at the option of 東方匯眾 (Dong Fang Hui Zhong) which shall then be renewed automatically year by year until either party giving not less than one month's notice to each other.

Servicing Fee: 東方匯眾 (Dong Fang Hui Zhong) will charge PalmPay (互聯視通) a service fee of 5% to the actual unaudited turnover of PalmPay (互聯視通) which shall be supplied by PalmPay (互聯視通) on a monthly basis to 東方匯眾 (Dong Fang Hui Zhong) with supporting documents. Adjustment will be made to the service fee received in the event the actual audited turnover is different from the unaudited turnover.

Management Appointment Agreement

Date: Before completion of the Sale and Purchase Agreement

Parties: (1) Mr. Yuan
(2) PalmPay (互聯視通); and
(3) Multi Channel

Subject: Mr. Yuan and PalmPay (互聯視通) will appoint two directors to be nominated by Multi Channel to the board of directors of PalmPay (互聯視通) creating a board of directors of PalmPay (互聯視通) with three members. In addition, Multi Channel will also be entitled to request to remove the general manager and legal representative of PalmPay (互聯視通) and replace therewith its nominees.

Term: Commencing from the date of the Management Appointment Agreement until the fulfillment of all of the obligations under the Exclusive Share Purchase Agreement and/or the Share Charge.

Director's Undertaking

Date: Before completion of the Sale and Purchase Agreement

Party: Mr. Yuan

Subject: Mr. Yuan will undertake to pass a copy of all director notices received from PalmPay (互聯視通) to Multi Channel and to vote on any resolutions proposed at a meeting of the directors of PalmPay (互聯視通) in accordance with the directions of Multi Channel. Mr. Yuan will further undertake to procure any of his replacement director of PalmPay (互聯視通) to give a similar undertaking as aforesaid.

Shareholder's Undertaking

Date: Before completion of the Sale and Purchase Agreement

Party: Mr. Yuan

Subject: Mr. Yuan will undertake to Multi Channel to vote on any resolutions proposed at a meeting of the shareholders of PalmPay (互聯視通) in accordance with the directions of Multi Channel.

As the present operation of PalmPay (互聯視通) is regarded as restricted business in the PRC and that according to the Administrative Regulations on Foreign Investment Telecommunication Business Enterprises (外商投資電信企業管理規定), foreign investors may not be allowed to hold more than 50% of shareholdings in a PRC enterprises which engages in telecommunication businesses, the Ancillary Agreements are put in place to fully and legally capture business opportunities in an otherwise restricted business. The Company has been verbally advised by 北京市隆安律師事務所 Beijing Long An Law Office, the Company's PRC legal adviser, that the structure of the Ancillary Agreements in the PRC is legal, effective and enforceable and in compliance with the relevant rules and regulations of the PRC. Updates on the views of the Company's PRC legal adviser in relation to the Ancillary Agreements will be included in the circular of the Company to be despatched to the Shareholders. Further information on the restrictions imposed in the telecommunication industry is elaborated in the section "Information of Media Magic" under the heading "Mobile value-added services business in the PRC".

The Directors (including the independent non-executive Directors) consider that the terms of the Ancillary Agreements are negotiated on an arm's length basis between the relevant parties with reference to the future prospect and business plan of Media Magic Group and PalmPay (互聯視通) as further explained under the heading "Information on Media Magic". The Directors (including the independent non-executive Directors) consider the terms of the Ancillary Agreements to be fair and reasonable and on normal commercial terms and the entering into of the Ancillary Agreements will be in the interests of the Group and the Shareholders as a whole.

As at the date of this announcement, the Company has not been informed of the date on which the Ancillary Agreements will be entered into. Updates will be made in the circular of the Company to be despatched to the Shareholders if the Company has been informed by the relevant parties in that regard.

TERMS OF CONSIDERATION SHARES

The Consideration Shares will be issued credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue which includes the right to receive all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares represent: (i) approximately 6.45% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares shall be issued at an issue price of HK\$0.20 per Consideration Share which represents:

- (i) a discount of approximately 14.89% to the closing price of HK\$0.235 per Share as quoted on the Stock Exchange on 16 November 2006, being the date on which the Sale and Purchase Agreement was entered into;
- (ii) a discount of approximately 14.09% to the average closing price of approximately HK\$0.2328 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 16 November 2006; and
- (iii) a discount of approximately 12.36% to the average closing price of approximately HK\$0.2282 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 16 November 2006.

The Vendor undertakes to and covenants with Upper Power that, it will not, within the period commencing on the date of completion of the Sale and Purchase Agreement and ending on the date falling 18 months thereafter, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares except with the prior written consent of Upper Power.

In determining the issue price per Consideration Share, the Directors (including the independent non-executive Directors) and the Vendor have taken into account (i) there is no immediate cash outlay which may provide financial flexibility to the Group; (ii) an 18 months' lock-up period for the Consideration Shares which may secure a medium-term commitment on the part of the Vendor in the Consideration Shares that minimizes fluctuations in prices of the Shares caused by the Vendor in short run and (iii) the low liquidity of the Shares which may justify the giving of a discount on the issue price of the Consideration Shares to the recent trading prices.

The Directors (including the independent non-executive Directors) consider the issue price of the Consideration Shares for the Acquisition to be fair and reasonable and on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

Application for listing

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Mandate to issue Consideration Shares

As at the date of this announcement, the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 10 August 2006 has been fully utilised for the issue of 93,000,000 warrants to an Independent Third Party. Details of the issue of the aforesaid warrants have been set out in an announcement of the Company dated 13 October 2006.

The Directors will seek a specific mandate from the Shareholders at the SGM to allot and issue the Consideration Shares.

Change of Shareholding Structure of the Group

As at the date of this announcement, the Company has 465,000,000 Shares in issue, convertible notes carrying rights to convert into 48,947,368 Shares (Note 2 below) and 93,000,000 warrants issued on 27 October 2006 pursuant to a subscription agreement dated 12 October 2006 carrying rights to subscribe for 93,000,000 Shares (details of the warrants were set out in an announcement of the Company dated 13 October 2006). The following table illustrates the shareholding structure of the Company before and after the issue of the Consideration Shares assuming no further Shares will be issued or no Shares will be repurchased:

Shareholders	As at the date of this announcement before the issue of the Consideration Shares		Immediately after the issue of the Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Starryland Profits Limited (Note 1)	202,500,000	43.55%	202,500,000	40.90%
Union Bridge Power Systems Limited (Notes 2)	75,000,000	16.13%	75,000,000	15.15%
Wan Kin Chung (Note 3)	300,000	0.06%	300,000	0.06%
Wong Tak Shing (Note 3)	3,750,000	0.81%	3,750,000	0.76%
Cheng Kwong Chung (Note 3)	3,750,000	0.81%	3,750,000	0.76%
Lo Ka Tong (Notes 2 & 3)	3,750,000	0.81%	3,750,000	0.76%
The Vendor (Note 4)	–	–	30,000,000	6.06%
Public (Note 4)	175,950,000	37.83%	175,950,000	35.55%
Total	<u>465,000,000</u>	<u>100.00%</u>	<u>495,000,000</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**”) on 20 March 2006. 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 12 other shareholders comprising individual and corporate beneficial owners.
3. Messrs Wan Kin Chung, Wong Tak Shing, Cheng Kwong Chung and Lo Ka Tong are executive Directors.
4. Upon the issue of the Consideration Shares, the Vendor will be regarded as a public Shareholder under the GEM Listing Rules making the public Shareholders to be holdings 205,950,000 Shares representing 41.61% of the then issued share capital of the Company.

Assuming the full conversion of the convertible notes (Note 2 above) and the full exercise of the subscription right attaching to the abovementioned warrants, sufficient public float will be maintained in accordance with the GEM Listing Rules.

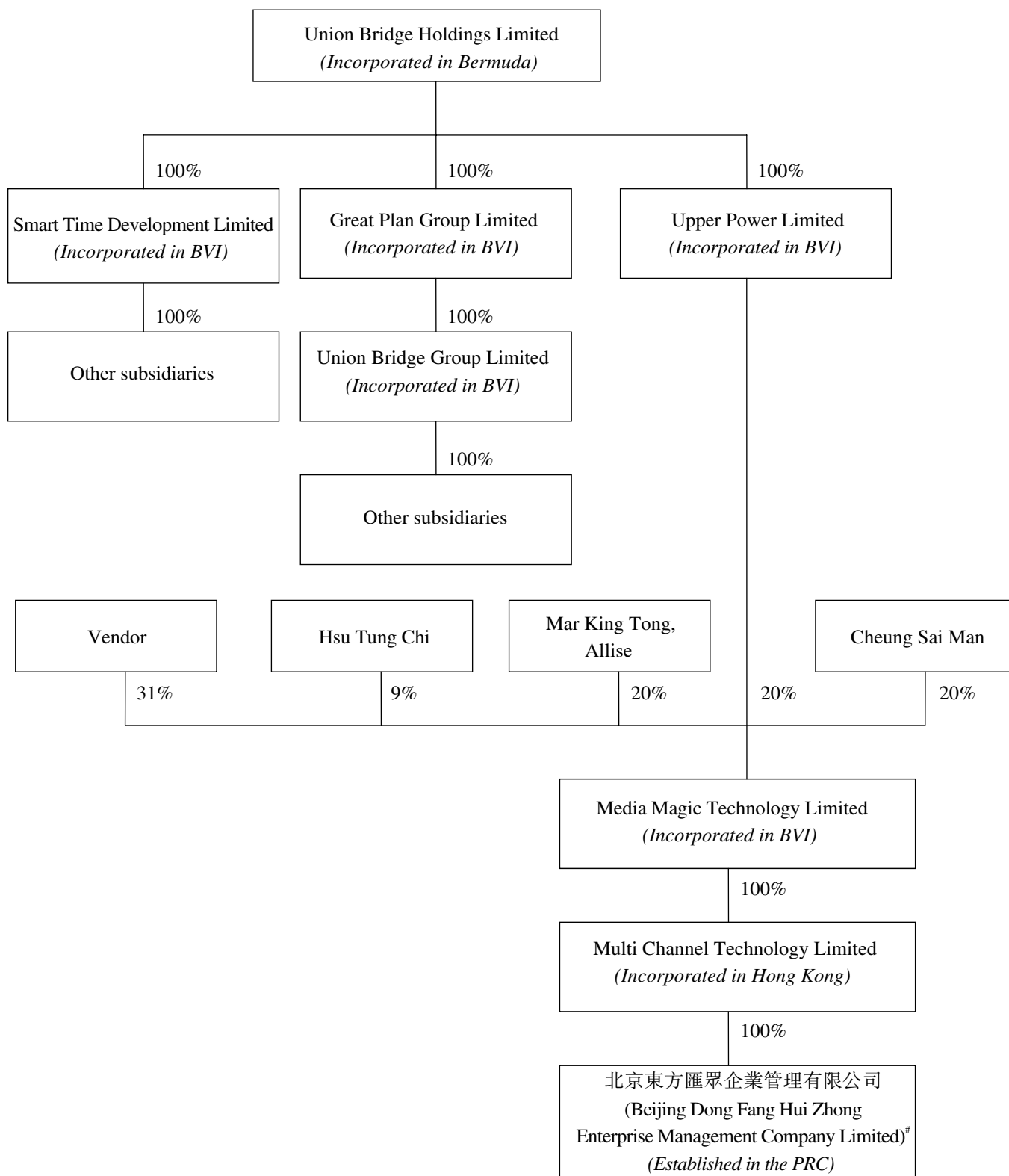
TERMS OF PROMISSORY NOTE

Issuer:	The Company
Principal amount:	HK\$10,120,000
Interest:	The Promissory Note will not carry any interest.
Maturity:	18 months from the date of issue of the Promissory Note.
Early repayment:	The Company could, at its option, repay the Promissory Note in whole or in part in integral multiples of HK\$1,000,000 by giving a prior five Business Days’ written notice to the Vendor, commencing on the date on which the Acquisition is completed and up to the date immediately prior to the maturity date.
Assignment:	The Promissory Note may be transferred or assigned to Independent Third Party(ies).

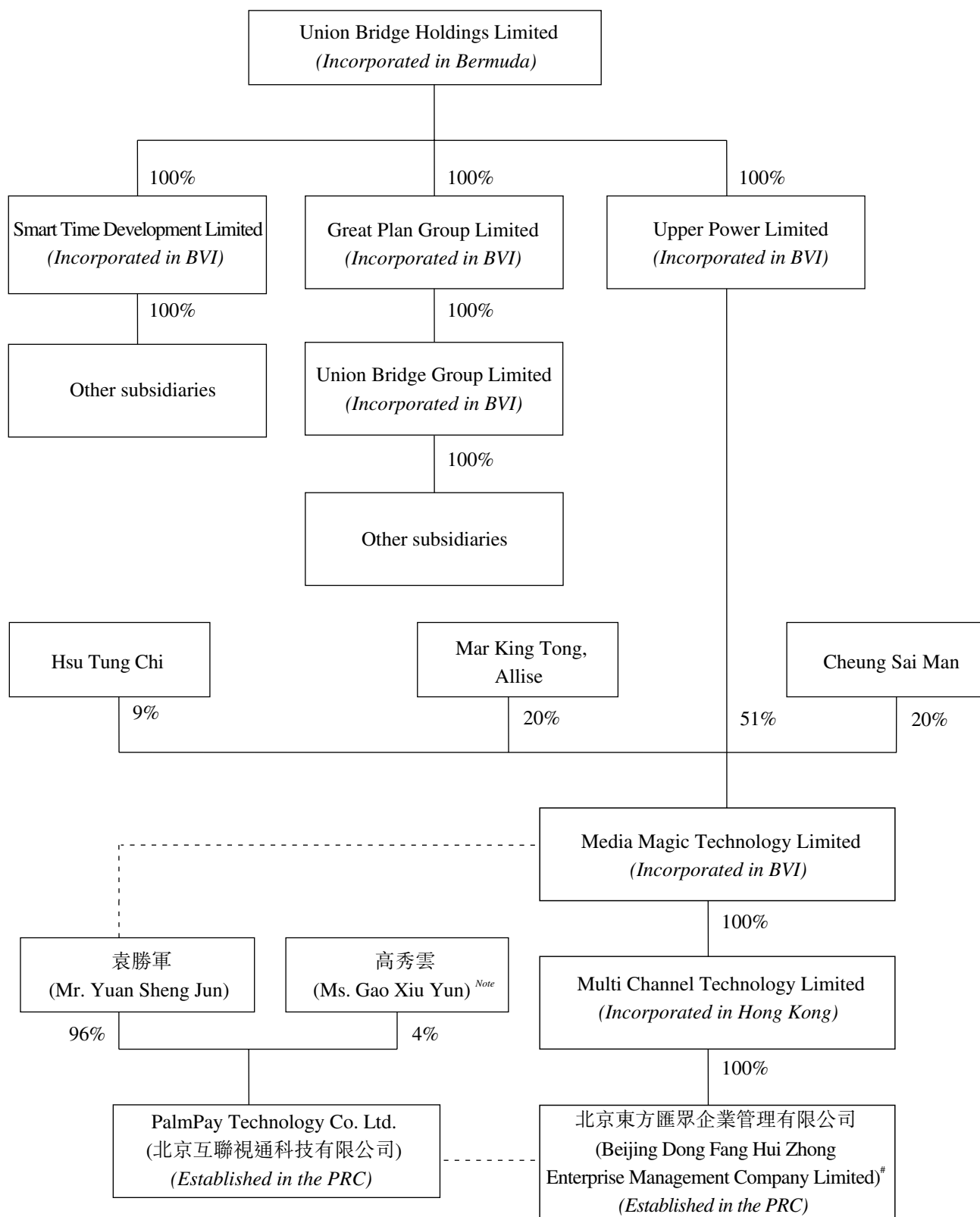
GROUP STRUCTURE

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

Before completion of the Acquisition:



After completion of the Acquisition:



----- relationship by Ancillary Agreement

Note: To the best of the Directors' knowledge, information and belief, Ms. Gao Xiu Yun is an Independent Third Party. Save for being interested in PalmPay (互聯視通), to the best of the Directors' knowledge, information and belief, Ms. Gao Xiu Yun does not have any relationship with the Vendor and Media Magic.

INFORMATION ON THE VENDOR

As indicated in the Former Announcement, the Vendor is one of the directors of Media Magic who is responsible for the management function and future business operation of Media Magic. The Vendor is also a chief consultant and the president of two companies in the PRC, both of which are principally engaged in the information technology industry. The Vendor has over 10 years' experience in advisory on management, operation and strategic planning.

INFORMATION ON MEDIA MAGIC

Business to be carried on by Media Magic

As stated in the Former Announcement, Media Magic is a company incorporated in BVI on 5 January 2004. Media Magic together with its subsidiaries, have not carried out any business since its incorporation. According to the future business plan of the Media Magic Group, it will be principally engaged in the provision of diversified mobile value-added services, including but not limited to, the provision of mobile online games, patented popular electronic cartoon characters and animation series download etc., for mobile phone users in the PRC through franchising and cooperation with telecommunication business licensed providers (as further elaborated below).

According to the unaudited consolidated management accounts of the Media Magic Group (which were prepared in accordance with generally accepted accounting principles in Hong Kong) provided by the Vendor, the Media Magic Group recorded an unaudited loss before taxation of approximately HK\$27,000 (approximately HK\$13,770, attributable to the Group's 51% indirect interest in Media Magic) and unaudited loss after taxation of approximately HK\$27,000 (approximately HK\$13,770, attributable to the Group's 51% indirect interest in Media Magic) for the six months ended 30 September 2006. According to the unaudited consolidated management accounts of the Media Magic Group (which were prepared in accordance with generally accepted accounting principles in Hong Kong) for the two years ended 31 March 2006 provided by the Vendor, the Media Magic Group recorded an unaudited loss before taxation of approximately HK\$22,000 (approximately HK\$11,220, attributable to the Group's 51% indirect interest in Media Magic) and HK\$16,000 (approximately HK\$8,160, attributable to the Group's 51% indirect interest in Media Magic) for 2005 and 2006 respectively and unaudited loss after taxation of approximately HK\$22,000 (approximately HK\$11,220, attributable to the Group's 51% indirect interest in Media Magic) and HK\$16,000 (approximately HK\$8,160, attributable to the Group's 51% indirect interest in Media Magic) for 2005 and 2006 respectively.

The unaudited consolidated net assets of the Media Magic Group as at 30 September 2006, 31 March 2006 and 31 March 2005 were approximately HK\$5,325,000 (approximately HK\$2,715,750, attributable to the Group's 51% indirect interest in Media Magic), HK\$352,000 (approximately HK\$179,520, attributable to the Group's 51% indirect interest in Media Magic) and HK\$368,000 (approximately HK\$187,600, attributable to the Group's 51% indirect interest in Media Magic) respectively.

According to an unaudited management accounts of PalmPay (互聯視通) (which were prepared in accordance with generally accepted accounting principles in Hong Kong) provided by the Vendor, the accounts shows an unaudited loss before taxation of approximately HK\$1,138,000 (approximately HK\$557,165, attributable to the Group's 48.96% indirect interest in PalmPay (互聯視通) through Media Magic) and HK\$448,000 (approximately HK\$219,341, attributable the Group's 48.96% indirect interest in PalmPay (互聯視通) through Media Magic) for the nine months ended 30 September 2006 and for the period from its establishment to 31 December 2005 respectively and unaudited loss after taxation of approximately HK\$1,138,000 (approximately HK\$557,165, attributable to the Group's 48.96% indirect interest in PalmPay (互聯視通) through Media Magic) and HK\$448,000 (approximately HK\$219,341, attributable the Group's 48.96% indirect interest in PalmPay (互聯視通) through Media Magic) for the nine months ended 30 September 2006 and for the period from its establishment to 31 December 2005 respectively.

The unaudited net assets of PalmPay (互聯視通) as at 30 September 2006 and 31 December 2005 were approximately HK\$8,505,000 (HK\$4,164,048, attributable to the Group's 48.96% indirect interest in PalmPay (互聯視通) through Media Magic) and approximately HK\$10,702,000 respectively (approximately HK\$5,240,000, attributable to the Group's 48.96% indirect interest in PalmPay (互聯視通) through Media Magic).

As at the date of this announcement, according to the Vendor, no audited financial information have been prepared for the Media Magic Group and PalmPay (互聯視通).

Mobile value-added services business in the PRC

As pointed out in the Former Announcement, mobile value-added services business is considered as a highly regulated industry in the PRC. Value-added telecommunication services in the PRC are governed by the Telecommunication Regulations (電信條例) issued on 25 September 2000 by the State Council. The Telecommunication Regulations categorize all telecommunication businesses in the PRC as either basic telecommunication businesses or value-added telecommunication businesses. The Catalog of Classes of Telecommunication Businesses (電信業務分類目錄) attached to the Telecommunication Regulations provides that provision of mobile value-added service, which the Media Magic Group intends to be engaged in is considered to be engaged in value-added telecommunication business. According to the Telecommunication Regulations, any commercial operator of telecommunication businesses in the PRC must obtain an operating license known as the Value-added Telecommunication Business Operation License (增值電信業務經營許可證) from MII or CAB. The Administrative Measures for Telecommunication Business Operating Licenses (電信業務經營許可證管理辦法) (the "Telecom License Measures"), which has become effective since 1 January 2002, are formulated in accordance with the Telecommunication Regulations and set forth the types of licenses required to operate a telecommunication business and the procedures for obtaining such permits. With respect to licenses for value-added services, the Telecom License Measures draw a distinction between licenses for business conducted in a single province (which are issued by CAB) and licenses for inter-provincial activities (which are issued by MII). Furthermore, according to the Administrative Regulations on Foreign Investment Telecommunication Business Enterprises (外商投資電信企業管理規定), foreign investors should not hold more than 50% of shareholdings in PRC enterprises which engages in telecommunication businesses.

Overall business model of Media Magic

Media Magic, being an overseas enterprise, does not have the necessary operating licenses to provide mobile value-added services or other value-added telecommunication business in the PRC. In order to concretely and practically implement the formulated business plan and in view of the current rules and regulations on the grant of telecommunication business license and the restriction on foreign investment in the telecommunication industry in the PRC, Media Magic, on the one hand, has set up 東方匯眾 (Dong Fang Hui Zhong) on 30 October 2006 pending the obtaining of the business license which is being under processed, a wholly-owned foreign enterprise in the PRC, to carry out its mobile value-added business in the PRC through co-operations with business partners having the necessary licenses. On the other hand, by entering into the Sale and Purchase Agreement and the Ancillary Agreements, Media Magic may provide mobile payment gateway services in the PRC through operations 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 service 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/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/cities.

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), being one of the major telecommunication network service providers in the PRC. According to an article published by Oriental Daily News on 20 October 2006, China Unicom (中國聯通) has a consumer base of approximately 138 million customers up to the end of September 2006. The Vendor and the Company believe that there are huge market opportunities to be explored in the provision of mobile payment gateway services in the PRC.

Under the current arrangement, to the best of the Directors' knowledge, information and belief, the present operation engaged by PalmPay (互聯視通) does not require any license to operate in the PRC and that PalmPay (互聯視通) may now begin with its mobile payment gateway services in the PRC.

Cooperations with business partners and with diversified mobile value-added services providers

Mobile Payment Gateway Services

In carrying out its mobile payment gateway services, PalmPay (互聯視通) has secured cooperation contracts with Baidu (百度) and Shanda (盛大). Baidu (百度) is a leading Chinese language internet search provider listed on NASDAQ and is one of the best internet search engines in the world. The number of daily visitors to its website has reached 200 million in 2006. PalmPay (互聯視通) has entered into a distribution agreement with Baidu (百度) for the distribution and sale of Baidu virtual currency cards online to mobile users through its mobile payment gateway. By cooperating with Baidu (百度), PalmPay (互聯視通) may explore a huge customer market of Baidu by providing such Baidu cards.

Shanda (盛大) is one of the largest online games operators in the PRC and is listed on NASDAQ. PalmPay (互聯視通) has entered into arrangement with Shanda (盛大) to obtain the franchise rights of online game cards for the Greater China Region and to provide a large variety of online games for mobile users, e.g. online role play games, cards games, war games, leisure games and music etc.. Payment for those online games may be made through PalmPay (互聯視通)'s mobile payment gateway.

Besides, Media Magic is also in the final stage of discussion with a reputable insurance company in the PRC for the entering into of a cooperation agreement for the provision of online instant purchase of insurance plans such as travel insurance, third party insurance and accident insurance etc. for mobile phone users in the PRC. The Vendor expects that a cooperation agreement will be entered into between Media Magic and the insurance company for the provision of mobile payment gateway services for online instant purchase of travel insurance by the end of November this year.

Mobile Value-Added Services

Apart from engaging in mobile gateway business in the PRC, PalmPay (互聯視通) intends to diversify into the mobile value-added services business in the PRC. As indicated in the Former Announcement, in May 2006, Media Magic has signed a cooperation agreement with Xiong to become the latter's business partner. Xiong is a privately-owned company, which is principally engaged in the provision of animation games design, story creation, art and music production, as well as intellectual property rights and copyrights operations in the PRC. By becoming its business partner, Xiong granted Media Magic an exclusive franchise for the provision of its online mobile animation games, drama downloads, as well as other intellectual property rights and copyrights downloads services in the PRC.

In addition, as provided in the Former Announcement, the Vendor was in active negotiation with Elicense for its grant to Media Magic a franchise of becoming an agent of Elicense for providing value-added services or merchandises to the Greater China Region (including the PRC, Hong Kong and Macau). Elicense is a leading copyright management company in Japan specialising in the digital media industry to provide copyright management and consultancy services and other copyright-

related businesses. Elicense owns or is licensed with a large number of copyrighted value-added services or merchandises items. On 1 November 2006, Media Magic and Elicense has entered into a letter of intent for the joint business development in music related intellectual property products in the Greater China Region. It is expected that the franchise/cooperation agreement to be entered into between Elicense and the Media Magic Group will be concluded by the end of June 2007. Apart from being franchise providers, as at the date of this announcement, both Xiong and Elicense do not have business license for providing mobile value-added services in the PRC.

The Directors (including the independent non-executive Directors) expect that the cooperation with Xiong, Elicense, Baidu (百度) and Shanda (盛大) will constitute initial core products and services to be provided by the Media Magic Group. The Media Magic Group intends to utilise those franchises granted by Xiong and Elicense, the Baidu virtual currency cards, distribution rights and franchise rights of online game cards granted by Baidu (百度) and Shanda (盛大) respectively to provide diversified mobile value-added services for mobile phone users in the PRC through cooperation with mobile value-added services licensed operators with payment networks or similar systems such as short message payment system, thereby generating licensing fees and royalty incomes. Short message payment system refers to a payment platform which is safe, convenient and efficient whereby mobile phone users may make purchases of value-added services or merchandises by sending a short message to the corresponding system.

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 date of this announcement, PalmPay (互聯視通) has yet applied for any operating licenses for the operation of mobile value-added services in the PRC on its own. PalmPay (互聯視通) intends to rely on the cooperation with mobile value-added services licensed operators in the short run. The Company has been advised by its PRC legal adviser that such cooperation is valid and legal in the PRC.

Having consulted with the Company's PRC legal adviser regarding Media Magic Group's intended business model, Palmpay (互聯視通) may serve as a bridge and the Media Magic Group may rely on the necessary operating licenses to be obtained by PalmPay (互聯視通) and other mobile value-added services licensed operators to fulfill and implement its business plan in the restricted telecommunication industry in the PRC. The Media Magic Group will comply with any ongoing rules and regulations in relation to the development of value-added telecommunication business in the PRC.

After the Acquisition had been completed, the Group would have obtained control over the Media Magic Group and PalmPay (互聯視通). The Group plans to continue with the existing operation of the Media Magic Group and PalmPay (互聯視通) and to secure further cooperations with China Unicom (中國聯通) for the provision of mobile payment gateway services in other major provinces/cities.

REASON FOR THE ACQUISITION

Upper Power is an investment holding company. 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 the 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 indicated in the annual report 2005/2006 of the Company, the Group intended to look for other opportunities to diversity its revenue base, explore new markets and develop new products so as to optimize Shareholders' interests. The Board believes that the business of the provision of diversified mobile value-added services is of great potential and prospect in the PRC as (i) there is an increasing number of mobile phone users in the PRC (current users have already exceeded 400 million in 2006) under the environment of fast economic growth in the PRC and in light of this, it is expected that there will be a growing demand for diversified mobile value-added services; and (ii) to the Directors' knowledge, there are only a few number of service providers engaged in mobile payment gateway business in the PRC at present where PalmPay (互聯視通) is one of them. By leveraging on the existing platform and future license in respect of mobile value-added business of PalmPay (互聯視通), Media Magic will be able to further increase its competitiveness in developing its mobile valued-added service business in cooperation with PalmPay (互聯視通) for the provision of a wide range of mobile value-added services mentioned above to the existing and future customers of PalmPay (互聯視通). The existing customer base of PalmPay (互聯視通) also serves as a foreseeable group of customers for Media Magic which will facilitate the development of mobile value-added services business at its start-up stage.

The Directors (including the independent non-executive Directors) note that there may be risks involved in the business model of the Media Magic Group. Of the more important risks, the Directors (including the independent non-executive Directors) see that the structure of Ancillary Agreements may be affected by any change in the policies, rules and regulations in the telecommunication sector in the PRC. Secondly, so long as the telecommunication business remain restricted to foreigners, the operation of the Media Magic Group will depend highly on the operation of PalmPay (互聯視通) which in turn is dependent on the licensed providers, such as China Unicom (中國聯通). Thirdly, PalmPay (互聯視通) is still in its start up stage, there is no guarantee that PalmPay (互聯視通) may obtain licenses of its own for the operation of its planned business. Furthermore, although there are at present only a few number of service providers engaged in mobile payment gateway business in the PRC, the Directors (including the independent non-executive Directors) expect that there may be more intense competition going ahead as the economy in the PRC further opens up in view of the different stages in the accession to the World Trade Organisation by the PRC.

Notwithstanding the risks involved as outlined above, the Directors (including the independent non-executive Directors) view that it is an appropriate time to increase its stake in Media Magic as well as securing the Ancillary Agreements in order to consolidate the operation of PalmPay (互聯視通) into the results of the Media Magic Group to capture potential opportunities in the booming mobile phone market in the PRC and to achieve business growth for the Group. Taking into account particularly (i) the future prospect and potential of the Media Magic Group and PalmPay (互聯視通) and that the Group may tap into the restricted telecommunication market in the PRC, (ii) the Profit Guarantee and (iii) the benefits of the Transactions as described above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement, are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The payment under the Promissory Note will be financed by internal resources of the Group or by future fund raising activities of the Group, as and when required. As at the date of this announcement, the Company does not have any concrete plans to conduct fund raising activities.

GEM LISTING RULES IMPLICATIONS

The Transactions (the aggregate of transactions under the Subscription Agreement, the Former Sale and Purchase Agreement and the Sale and Purchase Agreement) constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules. A circular containing, among other matters, details of the Acquisition, further information on the Group and a notice convening the SGM for the approval of the Shareholders on, among other matters, the issue of the Consideration Shares will be despatched to the Shareholders as soon as practicable in compliance with the GEM Listing Rules. As at the date of this announcement, no Shareholders are required to abstain from voting at the SGM.

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 17 November 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 24 November 2006.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement
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“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
“associates”	has the same meaning ascribed to such term under the GEM Listing Rules
“Baidu (百度)”	百度在線網絡技術(北京)有限公司, the leading Chinese language internet search provider
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“CAB”	provincial-level communications administrative bureaus (省級通信管理局)
“China Unicom (中國聯通)”	China Unicom Limited, 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
“Consideration Shares”	30,000,000 new Shares to be issued by the Company as part of the consideration for the Acquisition
“Consultancy Service Agreement”	the consultancy service agreement to be entered into between PalmPay and 東方匯眾 (Dong Fang Hui Zhong) before completion of the Sale and Purchase Agreement for the latter’s provision of consultancy services to the former in assisting PalmPay (互聯視通) to develop its business
“Director(s)”	director(s) of the Company

“Director’s Undertaking”	the undertakings to be provided by the existing or future directors of PalmPay before the completion of the Sale and Purchase Agreement undertaking, among other things, to act in accordance with the directions of Multi Channel in resolving resolutions of the board of directors of PalmPay
“Elicense”	e License Inc. (株式会社イーライセンス), a company incorporated in Japan
“Exclusive Share Purchase Agreement”	the exclusive share purchase agreement to be entered into among Mr. Yuan as grantor, PalmPay (互聯視通) and Multi Channel as grantee before completion of the Sale and Purchase Agreement in relation to a grant of an exclusive right by Mr. Yuan to Multi Channel to purchase their entire interests in PalmPay (互聯視通)
“Former Announcement”	the announcement of the Company dated 22 August 2006 whereby the Company announced that on 11 August 2006, Upper Power entered into the Subscription Agreement and the Former Sale and Purchase Agreement
“Former Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 11 August 2006 entered into among Upper Power as purchaser, the Vendor, Mr. Mar King Tong, Allise and Mr. Cheung Sai Man, as vendors for the sale of an aggregate of 5,556 MM Shares thereunder which has been completed on 22 August 2006
“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”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Macau”	Macau Special Administrative Region of the PRC
“Management Appointment Agreement”	the management appointment agreement to be entered into among Mr. Yuan in the capacity as a shareholder of PalmPay (互聯視通), PalmPay (互聯視通) and Multi Channel before completion of the Sale and Purchase Agreement pursuant to which Mr. Yuan, and PalmPay (互聯視通), would agree to appoint directors to be

nominated by Multi Channel to the board of directors of PalmPay (互聯視通). In addition, Multi Channel will also be entitled to request to remove the general manager and legal representative of PalmPay (互聯視通) and replace therewith its nominees

“Media Magic”	Media Magic Technology Limited, a company incorporated in BVI
“Media Magic Group”	Media Magic and its subsidiaries
“MII”	The PRC Ministry of Information Industry (中國信息產業部), including its local counterparts
“MM Shares”	shares in the share capital of Media Magic
“Mr. Yuan”	袁勝軍先生 (Mr. Yuan Sheng Jun) [#] , a PRC national, being one of the two shareholders of PalmPay (互聯視通) holding 96% equity interests in PalmPay (互聯視通)
“Multi Channel”	Multi Channel Technology Limited, a company incorporated in Hong Kong on 4 March 2004 which is a wholly-owned subsidiary of Media Magic
“NASDAQ”	a stock exchange in the United States
“PalmPay (互聯視通)”	PalmPay Technology Co. Ltd. (北京互聯視通科技有限公司), a privately-owned company incorporated in the PRC
“東方匯眾 (Dong Fang Hui Zhong)”	北京東方匯眾企業管理有限公司 (Beijing Dong Fang Hui Zhong Enterprise Management Company Limited) [#] , a wholly foreign owned enterprise incorporated in the PRC indirectly owned by Media Magic
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Profit Guarantee”	the guarantee given by the Vendor in the Sale and Purchase Agreement that the audited consolidated net profit after taxation and extraordinary or exceptional items of Media Magic for the year ending 31 March 2008 shall not be less than RMB8 million (to be prepared in accordance with generally accepted accounting principles in Hong Kong)

“Promissory Note”	the promissory note in the amount of HK\$10,120,000 to be issued by the Company to the Vendor as part of the consideration for the Acquisition
“Sale Shares”	17,222 MM Shares legally and beneficially owned by the Vendor to be sold to Upper Power under the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 16 November 2006 entered into among Upper Power as purchaser and the Vendor, as vendor for the sale and purchase of the Sale Shares
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the issue of the Consideration Shares and if required, the Promissory Note
“Shanda (盛大)”	Shanda Interactive Entertainment Limited (盛大網絡發展有限公司), one of the largest online games operators in the PRC
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Share Charge”	the share charge to be entered into among Mr. Yuan as chargor and Multi Channel as chargee before completion of the Sale and Purchase Agreement whereby Mr. Yuan would create a charge over their entire interests in PalmPay (互聯視通) in favour of Multi Channel to secure, among other things, the performance of Mr. Yuan under the Exclusive Share Purchase Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Undertaking”	the undertakings to be provided by Mr. Yuan before completion of the Sale and Purchase Agreement undertaking, among other things, to act in accordance with the directions of Multi Channel in resolving resolutions of the shareholders of PalmPay (互聯視通)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the conditional subscription agreement dated 11 August 2006 entered into between Upper Power and Media Magic for the former’s subscription of an aggregate of 5,556 then new MM shares pursuant thereunder which has been completed on 22 August 2006

“Transactions”	the aggregate of the transactions under the Subscription Agreement, the Former Sale and Purchase Agreement and the Sale and Purchase Agreement
“Upper Power”	Upper Power Limited, a company incorporated in BVI and a wholly owned subsidiary of the Company
“Vendor”	Mr. Hsu Tung Sheng, a permanent resident of Taiwan
“Xiong”	Xiong V&V, a private company incorporated in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“USD”	dollar(s), the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 23 November 2006

The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

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

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 Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief that: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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