



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

*(incorporated in Bermuda with limited liability)*

(Stock Code: 8047)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2006**

**Characteristics of the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”)**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

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*This announcement, for which the directors of Union Bridge Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purpose only

## **HIGHLIGHTS**

For the nine months ended 31st December, 2006

- the turnover of the Group was approximately HK\$84,323,000 as compared to the turnover of approximately HK\$19,771,000 recorded in the corresponding period.
- the loss attributable to equity holders of the Company was approximately HK\$1,023,000 (2005: loss HK\$1,540,000).
- the directors do not recommend the payment of a dividend (2005: Nil).
- the loss per share of the Company was approximately HK0.23 cents (2005: loss HK0.51 cents).

## FINANCIAL RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and nine months ended 31st December, 2006 together with the comparative unaudited figures for the corresponding periods in 2005 as follows:

	<i>Notes</i>	Nine months ended 31st December,		Three months ended 31st December,	
		2006 (unaudited) <i>HK\$'000</i>	2005 (unaudited) <i>HK\$'000</i>	2006 (unaudited) <i>HK\$'000</i>	2005 (unaudited) <i>HK\$'000</i>
Turnover	3	<b>84,323</b>	19,771	<b>26,477</b>	4,021
Cost of sales		<b>(64,247)</b>	(17,777)	<b>(20,516)</b>	(3,663)
Gross profit		<b>20,076</b>	1,994	<b>5,961</b>	358
Other revenue		<b>754</b>	2	<b>101</b>	–
Distribution costs		<b>(963)</b>	(54)	<b>(339)</b>	–
Administrative expenses		<b>(12,853)</b>	(2,302)	<b>(4,391)</b>	(563)
Other operating expenses		<b>(620)</b>	(466)	<b>–</b>	–
Profit/(Loss) from operating activities		<b>6,394</b>	(826)	<b>1,332</b>	(205)
Provision for impairment loss of other investments		<b>–</b>	(657)	<b>–</b>	–
Finance costs		<b>(5,339)</b>	(339)	<b>(1,844)</b>	–
Share of results of an associate		<b>(187)</b>	–	<b>(187)</b>	–
Profit/(Loss) before taxation		<b>868</b>	(1,822)	<b>(699)</b>	(205)
Taxation	4	<b>(1,891)</b>	268	<b>(1,146)</b>	(10)
Loss for the period		<b>(1,023)</b>	(1,554)	<b>(1,845)</b>	(215)
Attributable to Equity holders of the Company		<b>(1,023)</b>	(1,540)	<b>(1,845)</b>	(215)
Minority interests		<b>–</b>	14	<b>–</b>	–
Dividends	7	<b>–</b>	–	<b>–</b>	–
Loss per share	5				
– Basic (cents)		<b>(0.23)</b>	(0.51)	<b>(0.40)</b>	(0.07)
– Diluted (cents)		<b>N/A</b>	N/A	<b>N/A</b>	N/A

Notes:

## 1. General

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

The Group is principally engaged in the research, development, provision of information-on-demand (“IOD”) 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.

## 2. Basis of presentation

The unaudited consolidated results have been prepared under the historical cost convention, except for available-for-sale financial assets and financial assets at fair value through profit and loss, which have been measured at fair value and promissory notes which have been measured at amortised cost and in accordance with Hong Kong Financial Reporting Standard (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) (collectively referred to as the “New HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the GEM Listing Rules. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31st March, 2006.

## 3. Turnover

The Group’s turnover represents the net invoiced value of goods sold and services rendered less discounts, returns and applicable business taxes.

	Nine months ended		Three months ended	
	31st December,		31st December,	
	2006	2005	2006	2005
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Trading of internet appliances and related products	2,147	18,834	343	4,021
E-commerce platform and related products and services	–	937	–	–
Trading and manufacturing of electronic devices and components	77,745	–	25,726	–
Design and engineering services	4,431	–	408	–
	<u>84,323</u>	<u>19,771</u>	<u>26,477</u>	<u>4,021</u>

#### 4. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2005: Nil) on the estimated profit arising in Hong Kong during the period. Taxes on profit assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Nine months ended		Three months ended	
	31st December,	2005	31st December,	2005
	2006	(unaudited)	2006	(unaudited)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax	182	–	–	–
(over)/under provision				
in previous period	–	(268)	–	10
Deferred tax	1,709	–	1,146	–
	<u>1,891</u>	<u>–</u>	<u>1,146</u>	<u>–</u>
Tax charge/(credit) for the period	<u>1,891</u>	<u>(268)</u>	<u>1,146</u>	<u>10</u>

Deferred tax is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates.

#### 5. Loss per share

The calculation of basic loss per share for the three months and nine months ended 31st December, 2006 is based on the unaudited consolidated net loss from ordinary activities attributable to equity holders for the three months and nine months ended 31st December, 2006 of approximately HK\$1,845,000 and approximately HK\$1,023,000 respectively (three months and nine months ended 31st December, 2005: unaudited consolidated net loss of approximately HK\$215,000 and approximately HK\$1,540,000 respectively) and the weighted average number of 465,978,261 and 444,709,091 shares in issue (three months and nine months ended 31st December, 2005: 300,000,000 shares).

Diluted loss per share is not presented as there were no diluting events existed during the three months and nine months ended 31st December, 2006 and the corresponding periods in 2005.

## 6. Reserves

	Share premium (unaudited) HK\$'000	Contributed surplus (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Convertible notes reserve (unaudited) HK\$'000	Warrants reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000	Minority interests (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 1st April, 2005	5,902	6,015	108	-	-	(10,207)	1,818	1,999	3,817
Net loss for the period	-	-	-	-	-	(1,325)	(1,325)	(14)	(1,339)
At 30th September, 2005 and at 1st October, 2005	5,902	6,015	108	-	-	(11,532)	493	1,985	2,478
Net loss for the period	-	-	-	-	-	(215)	(215)	-	(215)
At 31st December, 2005	<u>5,902</u>	<u>6,015</u>	<u>108</u>	<u>-</u>	<u>-</u>	<u>(11,747)</u>	<u>278</u>	<u>1,985</u>	<u>2,263</u>
At 1st April, 2006	11,152	6,015	96	885	-	(17,856)	292	1,988	2,280
Issue of shares	15,000	-	-	-	-	-	15,000	-	15,000
Issuing expenses	(811)	-	-	-	-	-	(811)	-	(811)
Exercise of share options	2,640	-	-	-	-	-	2,640	-	2,640
Arising on consolidation of a subsidiary	-	-	142	-	-	-	142	-	142
Net profit for the period	-	-	-	-	-	822	822	-	822
At 30th September, 2006 and at 1st October, 2006	27,981	6,015	238	885	-	(17,034)	18,085	1,988	20,073
Issue of warrants	-	-	-	-	1,395	-	1,395	-	1,395
Exercise of warrants	1,150	-	-	-	(150)	-	1,000	-	1,000
Net loss for the period	-	-	-	-	-	(1,845)	(1,845)	-	(1,845)
At 31st December, 2006	<u>29,131</u>	<u>6,015</u>	<u>238</u>	<u>885</u>	<u>1,245</u>	<u>(18,879)</u>	<u>18,635</u>	<u>1,988</u>	<u>20,623</u>

## **7. Dividends**

The Board does not propose the payment of any dividends for the nine months ended 31st December, 2006 (nine months ended 31st December, 2005: Nil).

## **8. Post balance sheet events**

On 5th January, 2007, Upper Power Limited, a wholly owned subsidiary of the Company completed the acquisition of additional 31% of issued share capital of Media Magic Technology Limited. After the acquisition, Upper Power Limited has become interested in approximately 51% of issued share capital of Media Magic Technology Limited. As part of the consideration, 30,000,000 shares were issued. The issued share capital was increased from 475,000,000 shares to 505,000,000 shares.

As at 11th January, 2007, the outstanding 83,000,000 warrants have been exercised by the warrant holders, thereof, creating an additional 83,000,000 shares in issue. The total issued shares therefore increased from 505,000,000 shares to 588,000,000 shares.

On 25th January, 2007, 48,945,000 new shares were issued upon full conversion of the convertible notes at conversion price of HK\$0.19 per share to Union Bridge Power Systems Limited. The issued share capital was increased from 588,000,000 shares to 636,945,000 shares.

On 16th January, 2007, the Company proposed to raise not less than approximately HK\$19.11 million, before expense, by an open offer of 318,472,500 offer shares at a subscription price of HK\$0.06 per offer share, payable in full on application, on the basis of one offer share for every two shares held on record date. The issued share capital will be increased from 636,945,000 shares to 955,417,500 shares upon the completion of the open offer.

## **REVIEW AND PROSPECT**

### **General**

The Group is principally engaged in the research, development and provision of information-on-demand (“IOD”) system solutions and the provision of related products and services as well as the trading and manufacturing of electronic devices and components and the provision of a full range of design and engineering services to high end brand-named user in industry.

## Financial review

The Group's turnover increased by approximately 327%, from approximately HK\$20 million for the nine months ended 31st December, 2005 to approximately HK\$84 million for the nine months ended 31st December, 2006, as compared to the corresponding period in previous year. This was attributable to the acquisition of the Union Bridge Group Limited and its subsidiaries (the "Union Bridge Group") in March 2006. Union Bridge Group contributed approximately HK\$78 million from selling of electronic devices and component products and approximately HK\$4 million from design and engineering services. The sales of internet appliances and related products decreased by approximately 89%, from approximately HK\$19 million for the nine months ended 31st December, 2005 to approximately HK\$2 million for the nine months ended 31st December, 2006, as compared to the corresponding period in previous year. There was no income recorded from the development of e-commerce platform and related products and services compared with approximately HK\$1 million for the nine months ended 31st December, 2005 because the Group was still looking for suitable business partner to promote these products.

The Group recorded gross profit in the three months and nine months ended 31st December, 2006 of approximately HK\$6 million and approximately HK\$20 million respectively, while gross profit of approximately HK\$358,000 and approximately HK\$2 million respectively were recorded in the corresponding periods in previous year. Gross profit margin in the three months and nine months ended 31st December, 2006 were approximately 23% and approximately 24% respectively. The improvement in gross profit and gross profit margin was mainly due to the consolidation of Union Bridge Group which contributed high gross profit margin.

The net loss from ordinary activities attributable to equity holders for the three months ended 31st December, 2006 of approximately HK\$1.8 million was mainly due to the write-off of the deferred tax asset of approximately HK\$1.1 million. Net loss from ordinary activities attributable to equity holders of approximately HK\$1.8 million and approximately HK\$1 million were recorded for the three months and nine months ended 31st December, 2006 respectively, compared to net loss from ordinary activities attributable to equity holders of the Company of approximately HK\$215,000 and approximately HK\$1.5 million in the corresponding periods in previous year. Administrative expenses and distribution costs increased to approximately HK\$13 million and approximately HK\$963,000 respectively in the nine months ended 31st December, 2006 from approximately HK\$2.3 million and approximately HK\$54,000 in the corresponding period in previous year. The increase was mainly due to the increase of business activities as a result of the consolidation of Union Bridge Group.



## **Operation review**

During the period under review, sales of internet appliances and related products decreased by approximately 89% compared to previous corresponding period due to intense competition in the existing market. However, the income from trading and manufacturing of electronic devices and components subsequent to the acquisition of Union Bridge Group in March 2006 has provided a stable income source to the Group. The acquisition has provided cost and operational efficiency and other synergy to the Group, which was reflected in the decrease of the loss attributable to equity holders during the period. The Group will continue with its business restructuring by diversifying its products so as to provide more stable revenue sources and higher profitability to the Group. Moreover, the Group will commit itself in controlling costs and improving quality of the products.

## **Prospects**

The Group is cautiously optimistic about the prospects of the Group for the remaining of the financial year owing to the intense competition in the electronics business. Going forward, the Group will look for other opportunities to diversify its revenue base, explore new markets and develop new products.

On 5th January, 2007, Upper Power Limited, a wholly owned subsidiary completed the acquisition of additional 31% of issued share capital of Media Magic Technology Limited which will be principally engaged in the provision of payment gateway and diversified mobile value-added services. Upper Power Limited has become interested in approximately 51% of the issued share capital of Media Magic Technology Limited. The accounts of Media Magic Technology Limited and its subsidiaries will be consolidated with the Group.

According to the future business plan of Media Magic Technology Limited and its subsidiaries, Media Magic Technology Limited and its subsidiaries will be principally engaged in the provision of payment gateway and 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.

On 16th January, 2007, the Company proposed to raise not less than approximately HK\$19.11 million, before expense, by an open offer of 318,472,500 offer shares at a subscription price of HK\$0.06 per offer share, payable in full on application, on the basis of one offer share for every two shares held on record date. The net proceeds of the open offer (after deduction of commission and expenses) are expected to amount to approximately HK\$17.50 million (assuming no outstanding share options, no outstanding warrants and no rights attaching to the convertibles notes are exercised on or before the record date), of which approximately HK\$12 million will be applied towards the expansion of the existing business of the Group and repayment of long-term liabilities of the Group, approximately HK\$2 million towards general working capital of the Group and the remaining balance of approximately HK\$3.5 million will be applied towards future investments in the mobile value-added service business of the telecommunication sector in the PRC, if appropriate opportunity

arises. In the event that no appropriate investment opportunity is identified by the Group, the remaining balance will be retained by the Group for general working capital purpose. For further details, please refer to the Company's announcement dated 16th January, 2007 and the Company's prospectus dated 7 February, 2007.

The acquisition will benefit the Group by capturing potential opportunities in the booming mobile phone market in the PRC. The Group is continuing to look for new business opportunities to improve the Group's financial performance as well as to optimise the shareholders' returns.

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

As at 31st December, 2006, the interests and short position of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange, were as follows:

### **Long positions in shares of the Company:**

<b>Director</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Approximate percentage of issued share capital</b>
Mr. Wan Kin Chung	Personal interest	300,000	0.06%
Mr. Wong Tak Shing	Personal interest	3,450,000	0.73%
Mr. Cheng Kwong Chung	Personal interest	3,750,000	0.79%
Mr. Lo Ka Tong	Personal interest	3,750,000	0.79%

Save as disclosed above, as at 31st December, 2006, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors to be notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 18th October, 2001 pursuant to a written resolution of the Company. On 4th May, 2006, options to subscribe for an aggregate 30,000,000 shares at HK\$0.138 per share had been granted by the Company under the Scheme. On 8th May, 2006, all the outstanding 30,000,000 share options were exercised. As at 31st December, 2006, no share options granted under the Scheme were outstanding. Particulars and movements of the share options granted under the Scheme were as follows:

Categories of grantees	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding as at 31/3/2006	Granted during the period	Exercised during the period	Outstanding as at 31/12/2006
<b>Directors</b>							
Mr. Wan Kin Chung	04/05/2006	04/05/2006 – 03/05/2016	0.138	–	300,000	300,000	–
Mr. Wong Tak Shing	04/05/2006	04/05/2006 – 03/05/2016	0.138	–	3,750,000	3,750,000	–
Mr. Cheng Kwong Chung	04/05/2006	04/05/2006 – 03/05/2016	0.138	–	3,750,000	3,750,000	–
Mr. Lo Ka Tong	04/05/2006	04/05/2006 – 03/05/2016	0.138	–	3,750,000	3,750,000	–
<b>Employees</b>	04/05/2006	04/05/2006 – 03/05/2016	0.138	–	10,950,000	10,950,000	–
<b>Consultants</b>	04/05/2006	04/05/2006 – 03/05/2016	0.138	–	7,500,000	7,500,000	–

The directors consider that it is inappropriate to state the value of the options granted under the Scheme on the ground that certain crucial factors for such valuation are variables such as the expected volatility and interest rate, which cannot be reasonably determined at this stage. Any valuation of the share options based on speculation assumptions in respect of these variables would not be meaningful and would be misleading to the shareholders of the Company.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 31st December, 2006, so far as is known to the directors and chief executive of the Company, the following persons, other than a director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

### **Long positions in shares of the Company:**

<b>Name of shareholders</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of the shareholding in the Company</b>
Starryland Profits Limited ( <i>Note 1</i> )	202,500,000	42.63%
Lau Kim Hung, Jack ( <i>Note 1</i> )	202,500,000	42.63%
Chan Yiu Kan, Katie ( <i>Note 1</i> )	202,500,000	42.63%
Union Bridge Power Systems Limited ( <i>Note 2</i> )	75,000,000	15.79%
		( <i>Note 2</i> )

#### *Notes:*

1. Starryland Profits Limited is wholly and beneficially owned by Mr. Lau Kim Hung, Jack. Ms. Chan Yiu Kan, Katie is deemed to be interested in the 202,500,000 shares of the Company by virtue of her being the spouse of Mr. Lau Kim Hung, Jack.
2. Union Bridge Power Systems Limited is interested in 75,000,000 shares of the Company and 48,947,368 conversion shares to be issued pursuant to the convertible notes issued by the Company. If 48,947,368 conversion shares to be issued, Union Bridge Power Systems Limited will be interested in 23.66% of the total issued shares of the Company enlarged by the conversion shares.

Save as disclosed above, as at 31st December, 2006, so far as is known to the directors and chief executive of the Company, there is no other person (other than the director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiaries of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## **DIRECTORS' RIGHTS TO ACQUIRE SECURITIES**

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

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

During the nine months ended 31st December, 2006, there were no purchases, sales or redemptions of the Company's listed shares by the Company or any of its subsidiaries.

## **COMPETING INTERESTS**

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Throughout the period ended 31st December, 2006, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions.

## **CODE ON CORPORATE GOVERNANCE**

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the period ended 31st December, 2006 except that: (i) the roles of Chairman and chief executive officer are not segregated and are performed by the same individual; and (ii) no nomination committee of the Board is established.

## REMUNERATION COMMITTEE

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

## AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 18th October, 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises the three independent non-executive directors of the Company, namely, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu. The unaudited financial statements of the Group for the period ended 31st December, 2006 have been reviewed by the Committee, which is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 12 February, 2007

*As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. Wan Kin Chung, Mr. Wong Tak Shing, Mr. Cheng Kwong Chung, Mr. Lo Ka Tong 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 will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least seven days from the days of its posting.*