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**Union Bridge Holdings Limited**

**聯僑集團控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8047)

**(1) CONTINUING CONNECTED TRANSACTION  
INVOLVING REVOLVING FACILITY TO BE GRANTED BY THE COMPANY  
AND  
(2) DISCLOSEABLE AND CONNECTED TRANSACTION  
INVOLVING EXERCISE OF OPTION FOR THE ACQUISITION OF UP TO 100%  
EQUITY INTERESTS IN  
PALMPAY TECHNOLOGY CO. LTD. (北京互聯視通科技有限公司)**

**Financial Adviser to the Company**



**INCUB Corporate Finance Limited**

**(A) THE REVOLVING FACILITY TO BE GRANTED BY THE COMPANY**

The Board is pleased to announce that on 15 June 2007 (after trading hours), the Company has conditionally granted Multi Channel a revolving facility by way of the Revolving Facility Letter of up to a maximum amount of HK\$22 million at any time during the period commencing from the date of the Revolving Facility Letter and ending on the date 36 months from the date of the Revolving Facility Letter for financing the financial requirement of Multi Channel and its subsidiaries, which is further elaborated below.

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

The grant of the Revolving Facility by the Company to Multi Channel (including the Caps) in an aggregate principal amount of up to HK\$22 million, constitutes a continuing connected transaction for the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements by way of poll under Chapter 20 of the GEM Listing Rules.

\* *for identification purpose only*

## **(B) THE SALE AND PURCHASE AGREEMENT**

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

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

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

## **(C) GENERAL**

A circular will be despatched as soon as practicable to the Shareholders containing among other things, (i) details of the Revolving Facility, (ii) details of the Acquisition, (iii) a letter from the Independent Board Committee containing its advice in respect of the grant of the Revolving Facility by the Company and the Acquisition; (iv) a letter from an independent financial advisor to the Independent Board Committee and Independent Shareholders containing its advices in respect of the grant of the Revolving Facility by the Company and the Acquisition; and (v) a notice convening the SGM, in compliance with the GEM Listing Rules.

Reference is made to the announcements dated 22 August 2006 and 23 November 2006 and the circulars dated 7 September 2006 and 14 December 2006 (the "Circulars") respectively in relation to the acquisition of an aggregate of approximately 51% indirect interests in Media Magic by the Company. The acquisition of the aggregate of approximately 51% indirect interests in Media Magic has been carried out in two stages, namely the acquisition of 20% indirect interests in Media Magic, which was completed on 22 August 2006 followed by the acquisition of 31% indirect interests in Media Magic, which was completed on 5 January 2007. In the second stage of acquisition of the indirect interest of 31% in Media Magic, Mr. Yuan granted an exclusive call option to Multi Channel for the acquisition of his entire interest (96%) in PalmPay (互聯視通) by way of an Exclusive Share Purchase Agreement. Since then, PalmPay (互聯視通) has been regarded as a subsidiary of the Company for accounting purposes with its accounts also consolidated with the Group upon the signing of the Ancillary Agreements.

The Board is pleased to announce that on 15 June 2007 (after trading hours), the Company has conditionally granted Multi Channel a revolving facility by way of the Revolving Facility Letter of an aggregate principal amount of up to HK\$22 million at any time during the period commencing from the date of the Revolving Facility Letter and ending on the date 36 months from the date of the Revolving Facility Letter.

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

Details of each of the Revolving Facility Letter and the Sale and Purchase Agreement are set out in the following paragraphs.

#### **(A) THE REVOLVING FACILITY TO BE GRANTED BY THE COMPANY**

Date : 15 June 2007

##### Parties

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

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

##### **Terms of the Revolving Facility**

(i) Amount : Up to a maximum amount of HK\$22 million at any time during the term of the Revolving Facility for each of the three financial years ending 31 March 2010

(ii) Repayment : Outstanding amount drawn together with all interest accrued thereon shall be repaid in full in one lump sum on the date falling 36 months from the date of the Revolving Facility Letter and early repayment is allowed at the amount of not less than HK\$5 million or its integral multiple

(iii) Term : From the date of the Revolving Facility Letter up to 36 months

(iv) Interest : At the best lending rate for Hong Kong dollar loan per annum as quoted from time to time by The Hongkong and Shanghai Banking Corporation Limited

- (v) Security : (a) Share charge on approximately 25.3% of the equity interest in Media Magic presently held by Winner Gain Investments Limited and Mr. Hsu Tung Chi, who is currently directors of two subsidiaries of the Group, namely Media Magic and Multi Channel (“**Chargors**”); and
- (b) Personal guarantees of Mr. Hsu Tung Chi and Mr. Hsu Tung Sheng, who is currently directors of two subsidiaries of the Group, namely Media Magic and Multi Channel (“**Guarantors**”)
- (vi) Renewable : Subject to the facility amount, any amount repaid may be redrawn
- (vii) Intended use of proceeds : For financing the financial requirement of Multi Channel and its subsidiaries, for its general working capital requirements and business development, in particular: (1) approximately RMB5.5 million will be used for payment of the remaining balance of the total consideration of the Acquisition; (2) approximately RMB11 million will be used to increase the registered capital of PalmPay (互聯視通) as step for reorganizing PalmPay (互聯視通) as a wholly foreign owned enterprise in the PRC; (3) approximately RMB5 million will be used to provide a loan to PalmPay (互聯視通) as its working capital if required; and (4) the remaining balance of approximately RMB0.5 million will be used for general working capital of Multi Channel. In the event that Multi Channel considers not necessary to procure a loan to PalmPay (互聯視通), then approximately RMB5 million will be used for general working capital of Multi Channel.

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

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

Mr. Hsu Tung Chi, Mr. Guo Xu, Mr. Lau Chi Fai and Mr. Pang Hongtao (each being the ultimate beneficial owners of shareholders of Media Magic), Mr. Hsu Tung Sheng (elder brother of Mr. Hsu Tung Chi and being one of the Guarantors) and Ms. Hsu Ying Mei (elder sister of Mr. Hsu Tung Chi) who is interested in the Revolving Facility and their respective associates, are, in aggregate, interested in 106,397,500 Shares representing approximately 9.80% of the total issued Shares of the Company of 1,085,217,500

Shares as at the date of this announcement and are required to abstain from voting in respect of the grant of Revolving Facility at the forthcoming SGM. Save as disclosed, no other Shareholders have material interest in the grant of the Revolving Facility and are required to abstain from voting in respect of the grant of the Revolving Facility at the forthcoming SGM.

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

### **Conditions of the Revolving Facility Letter**

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

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

None of the above conditions is waivable.

## **(B) REASONS FOR THE REVOLVING FACILITY**

The Directors (excluding the independent non-executive Directors who would give their views on the terms of the Revolving Facility Letter after having been advised by the independent financial adviser) are of the view that in light of the growth potential of PalmPay (互聯視通) as further described under the section “Information of PalmPay (互聯視通)”, funding requirements of PalmPay (互聯視通) and the difficulty to borrow external bank loans in the PRC given the newly startup background of PalmPay (互聯視通), the provision of the Revolving Facility to make available additional funding for PalmPay (互聯視通) to expand its business in the telecommunication sector is in the interests of the Company and the Shareholders as a whole.

Multi Channel and PalmPay (互聯視通) (for accounting purpose) are subsidiaries of the Company with their accounts being consolidated with the Group. Considering the future profitability, prospects and business development of PalmPay (互聯視通) as detailed in the section “Information of PalmPay (互聯視通)” below and that the Company has obtained board control in Multi Channel and PalmPay (互聯視通), the Directors (excluding the independent non-executive Directors who would give their views on the terms of the Revolving Facility Letter after having been advised by the independent financial adviser) consider that it is necessary to provide the Revolving Facility to Multi Channel and believe the provision of the Revolving Facility is in the interest of Company and Shareholders as a whole.

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

The Directors (excluding the independent non-executive Directors who would give their views on the terms of the Revolving Facility Letter after having been advised by the independent financial adviser) are of the view that the Revolving Facility Letter is fair and reasonable, on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

## (C) THE SALE AND PURCHASE AGREEMENT

Date : 15 June 2007

Parties

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

Vendors : (i) Mr. Yuan  
(ii) Ms. Gao

Company : PalmPay (互聯視通)

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

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

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

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

As at the date of this announcement, Mr. Yuan, Ms. Gao and their respective associates do not have any shareholding in the Company and Mr. Yuan has 9,550,000 outstanding share options of the Company. Assuming full exercise of the above-mentioned share options of the Company on or before the SGM, Mr. Yuan and his respective associates who are together interested in approximately 0.87% of the then total issued Shares of the Company and are required to abstain from voting in respect of the Acquisition at the forthcoming SGM.

## **Assets to be acquired**

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

## **Consideration**

Pursuant to the Exclusive Share Purchase Agreement, RMB4,590,000 (equivalent to approximately HK\$4,684,000) has been paid by Multi Channel to Mr. Yuan. The remaining consideration for the Acquisition of RMB5,410,000 (equivalent to approximately HK\$5,520,000) will be settled in form of cash upon completion as to RMB5,010,000 (equivalent to approximately HK\$5,112,000) to Mr. Yuan and as to RMB400,000 (equivalent to approximately HK\$408,000) to Ms. Gao in proportion to their respective beneficial interests in PalmPay (互聯視通) assuming the total consideration for the Sale and Purchase Agreement is determined to be RMB10 million (equivalent to approximately HK\$10,204,000).

The registered capital of PalmPay (互聯視通) as at the date of its incorporation amounts to RMB10,000,000. The consideration was determined after arm's length negotiation among the Vendors, PalmPay (互聯視通) and the Purchaser with reference to the registered capital (as at the date of incorporation of PalmPay (互聯視通)) or the net assets value of PalmPay (互聯視通) (tentatively on 31 March 2007 in order to provide more recent financial information acceptable by the relevant PRC regulatory authorities for submission of the application for the transformation of PalmPay (互聯視通) into a wholly foreign owned enterprise) in accordance with the PRC legal requirements. Net assets value of PalmPay (互聯視通) is to be determined in accordance with the PRC valuation standard and legal requirements. As advised by the PRC legal adviser, the date of net asset value for determining the consideration for the Acquisition should be recent for application for the transformation of PalmPay (互聯視通) into a wholly foreign owned enterprise. The accounts of PalmPay (互聯視通) as at 31 March 2007 was the accounts of PalmPay (互聯視通) as at the date of the Sale and Purchase Agreement acceptable by the relevant PRC regulatory authorities.



Assuming the total consideration for the Acquisition to be RMB10,000,000 (equivalent to approximately HK\$10,204,000), it represents (i) the registered capital of PalmPay (互聯視通) of RMB10,000,000; and (ii) a premium of approximately 22.86% over the audited net assets value of PalmPay (互聯視通) of RMB8,138,944 as at 31 December 2006 prepared in accordance with the generally accepted accounting principles in Hong Kong. However, the net assets value of PalmPay (互聯視通) for the Acquisition is yet to determine in accordance with the PRC valuation standard and legal requirements. Given the early stage of the business of PalmPay (互聯視通) and the future prospect of the telecommunication sector and PalmPay (互聯視通), the Directors (excluding the independent non-executive Directors who would give their views on the terms of the Acquisition after having been advised by the independent financial adviser) are of the view that the prospect of PalmPay (互聯視通) lies in its market potential rather than its assets. Moreover, the consideration will be determined in accordance with the PRC legal requirements as elaborated in the above paragraph.

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

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

### **Conditions precedent**

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

- (a) the execution of the revised articles of association of PalmPay (互聯視通) reflecting the transformation of PalmPay (互聯視通) as a wholly foreign owned enterprise in the PRC;
- (b) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of PalmPay (互聯視通);
- (c) all necessary consents and approvals required to be obtained on the part of the Vendors, the Purchaser and PalmPay (互聯視通) in respect of the Acquisition and the transformation of PalmPay (互聯視通) into a wholly foreign owned enterprise and the transactions contemplated thereunder having been obtained; and

- (d) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the legality and the validity in respect to the establishment and subsistence of PalmPay (互聯視通) and the transactions contemplated under the Sale and Purchase Agreement.

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

### **Completion**

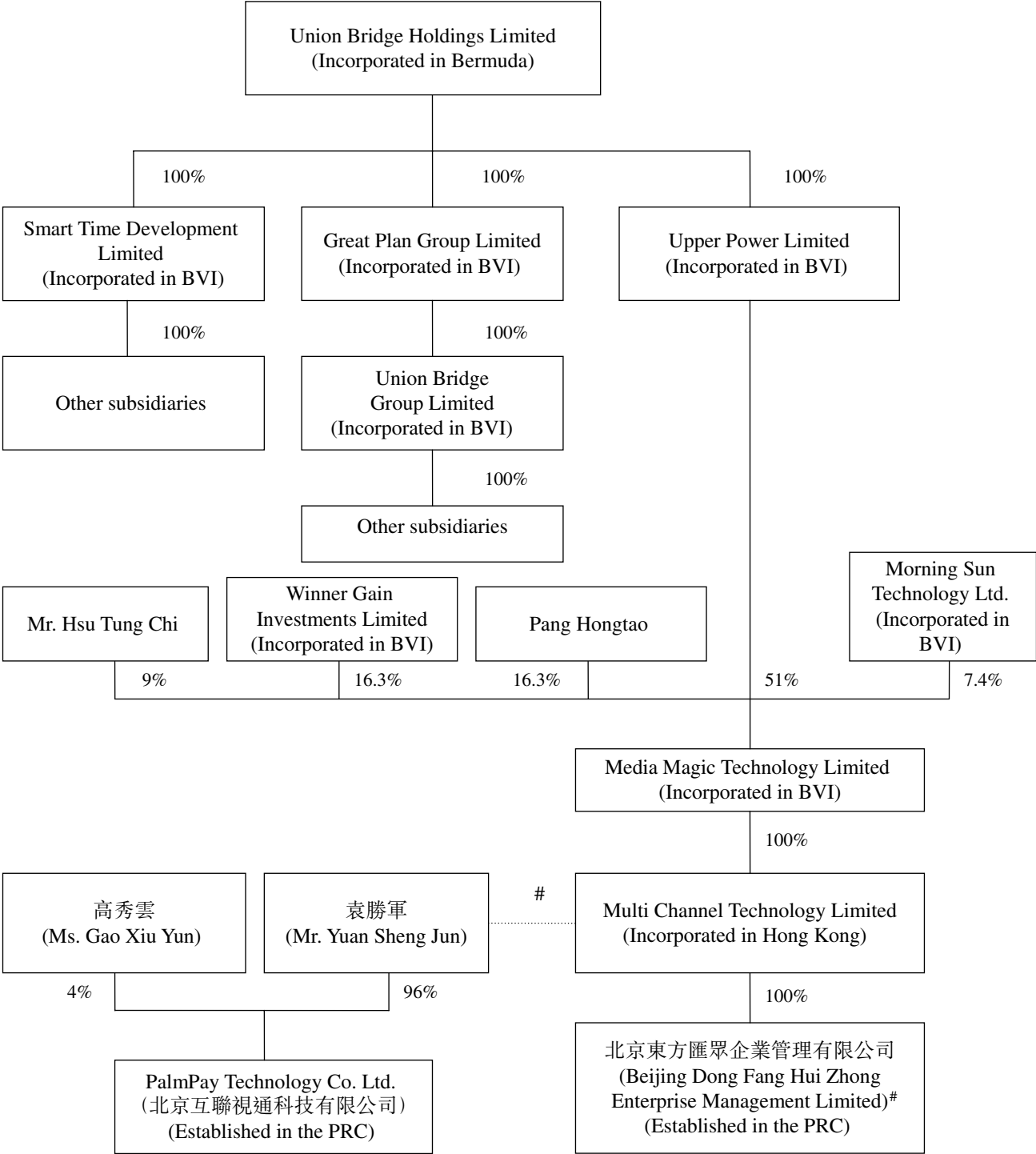
Completion shall take place on or before 4:00 p.m within five Business Days after all the conditions of the Sale and Purchase Agreement having been fulfilled or waived or such later date as may be agreed between the Vendors and the Purchaser.

Upon completion, the Company will indirectly hold 100% equity interest in PalmPay (互聯視通) and PalmPay (互聯視通) will become a subsidiary of the Company. Upon completion, the Ancillary Agreements signed incidental to previous acquisition of 31% interest in Media Magic will be cancelled except for the consultancy service agreement. The share charge would also be released upon completion.

### **Group Structure**

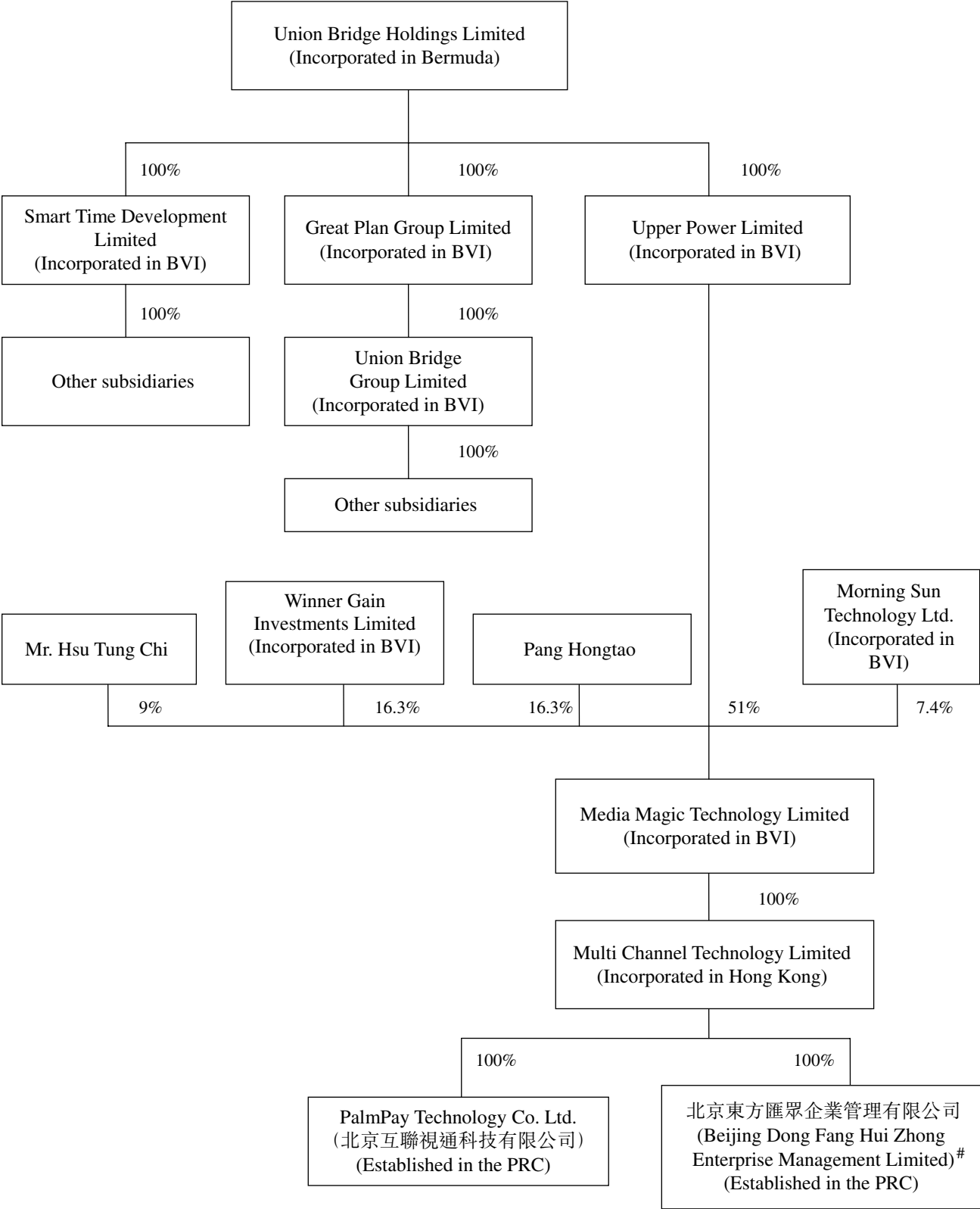
The diagram below shows separately the structure of the Group immediately before and after completion of the Acquisition:

Before completion of the Acquisition:



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

After completion of the Acquisition:



#### **(D) INFORMATION OF PALMPAY (互聯視通)**

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

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

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

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

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

and a stable source of revenue; and (iii) there are only a few number of service providers engaged in mobile payment gateway business in the PRC.

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

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

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

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

Immediately after the completion of the first stage of acquisition of interests in Media Magic, the Company held an indirect interest of 20% in Media Magic. Since completion of the second stage of acquisition of the indirect interest of 31% in Media Magic on 5 January 2007, the Company held an aggregate of 51% indirect interest in Media Magic and accordingly the account of PalmPay (互聯視通) has been consolidated with that of the Group. Therefore, the Directors (excluding the independent non-executive Directors who would give their views on the terms of the Acquisition after having been advised by the independent financial adviser) view that the loss of PalmPay (互聯視通) for the past two year/period ended could have no impact on the results of the Group and as part of the initial setup cost for its business.

#### **(E) REASONS FOR THE ACQUISITION**

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

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

#### **(F) GEM LISTING RULES IMPLICATION**

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

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

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

Mr. Hsu Tung Chi, Mr. Guo Xu, Mr. Lau Chi Fai and Mr. Pang Hongtao, (each being the ultimate beneficial owners of shareholders of Media Magic), Mr. Hsu Tung Sheng (elder brother of Mr. Hsu Tung Chi and one of the Guarantors) and Ms. Hsu Ying Mei (elder sister of Mr. Hsu Tung Chi) who are interested in the Revolving Facility and their respective associates are, in aggregate, interested in 106,397,500 Shares representing approximately 9.80% of the total issued Shares of the Company of 1,085,217,500 Shares as at the date of this announcement and are required to abstain from voting in respect of the grant of the Revolving Facility at the forthcoming SGM. Save as disclosed, no other Shareholders have material interest in the Revolving Facility and are required to abstain from voting in respect of the grant of the Revolving Facility at the forthcoming SGM.

As at the date of this announcement, Mr. Yuan, Ms. Gao and their respective associates do not have any shareholding in the Company and Mr. Yuan has 9,550,000 outstanding share options of the Company. Assuming full exercise of the above-mentioned share options of the Company on or before the SGM, Mr. Yuan and his respective associates who are together interested in approximately 0.87% of the then total issued Shares of the Company and are required to abstain from voting in respect of the Acquisition at the forthcoming SGM.

The Independent Board Committee will be established to advise the Independent Shareholders as to whether the terms of the Revolving Facility Letter and the Acquisition and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser to advise the Independent Board Committee and the Independent Shareholders will be appointed accordingly.

A circular will be despatched as soon as practicable to the Shareholders containing among other things, (i) details of the Revolving Facility, (ii) details of the Acquisition, (iii) a letter from the Independent Board committee containing its advice and recommendation in respect of the grant of the Revolving Facility by the Company and the Acquisition; (iv) a letter from an independent financial advisor to the Independent Board Committee and Independent Shareholders containing its advice to the Independent Board Committee and Independent Shareholders in respect of the grant of the Revolving Facility by the Company and the Acquisition; and (v) a notice convening the SGM, in compliance with the GEM Listing Rules.



## (G) DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the entire equity interests in PalmPay (互聯視通) pursuant to the Sale and Purchase Agreement
“Ancillary Agreements”	together the Exclusive Share Purchase Agreement, the share charge, the consultancy service agreement, the management appointment agreement, the director’s undertaking and the shareholder’s undertaking signed on 11 December 2006, details of those ancillary agreements have been disclosed in the circular dated 14 December 2006
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday and a public or statutory holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Caps”	the maximum loan amount of HK\$22 million pursuant to the Revolving Facility Letter for each of the three financial years ending 31 March 2010
“Chargors”	together, Winner Gain Investments Limited and Mr. Hsu Tung Chi
“China Unicom (中國聯通)”	China Unicom Limited (中國聯通股份有限公司), a telecommunication network service provider in the PRC, which shares are listed on the main board of the Stock Exchange with Stock Code of 762
“Company”	Union Bridge Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Exclusive Share Purchase Agreement”	the exclusive share purchase agreement entered into among Mr. Yuan as grantor, PalmPay (互聯視通) and Multi Channel as grantee on 11 December 2006 in relation to a grant of an exclusive right by Mr. Yuan to Multi Channel to purchase his entire interests in PalmPay (互聯視通) (making up 96% equity interests therein)

“Guarantors”	together Mr. Hsu Tung Chi and Mr. Hsu Tung Sheng
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established to advise the Independent Shareholders in respect of the Revolving Facility to be granted by the Company and the Acquisition
“Independent Shareholders”	Shareholders other than Mr. Hsu Tung Chi, Mr. Guo Xu, Mr. Lau Chi Fai, Mr. Pang Hongtao, Mr. Yuan, Mr. Hsu Tung Sheng and Ms. Hsu Ying Mei and their respective associates or others who are interested in the proposed Revolving Facility to be granted by the Company and/or the Acquisition at the forthcoming SGM
“Media Magic”	Media Magic Technology Limited, a company incorporated in BVI and a non wholly-owned subsidiary of the Company
“Mr. Yuan”	袁勝軍先生(Mr. Yuan Sheng Jun), a PRC national, holding 96% equity interests in PalmPay (互聯視通) as at the date of the Sale and Purchase Agreement
“Ms. Gao”	高秀雲女士(Ms. Gao Xiu Yun), a PRC national, holding 4% equity interests in PalmPay (互聯視通) as at the date of the Sale and Purchase Agreement
“Multi Channel” or “Purchaser”	Multi Channel Technology Limited, a company incorporated in Hong Kong which is a wholly-owned subsidiary of Media Magic, being the purchaser of the entire equity interest in PalmPay (互聯視通) from the Vendors pursuant to the Sale and Purchase Agreement
“PalmPay (互聯視通)”	PalmPay Technology Co. Ltd. (北京互聯視通科技有限公司), a privately-owned enterprise established in the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administration Region of the People’s Republic of China and Taiwan

“Revolving Facility”	up to a maximum amount of HK\$22 million to be drawn pursuant to the Revolving Facility Letter at any time during the period commencing from the date of the Revolving Facility Letter and ending on the date 36 months therefrom
“Revolving Facility Letter”	the conditional revolving facility letter dated 15 June 2007 entered into among the Company, as lender, Multi Channel, as borrower, pursuant to which, the Company agreed to provide the Revolving Facility to Multi Channel
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 15 June 2007 entered into among Mr. Yuan and Ms. Gao, as Vendors, Multi Channel, as Purchaser, PalmPay (互聯視通), in relation to the acquisition of the entire equity interests in PalmPay (互聯視通) by Multi Channel
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit to approve, among other matters, the Revolving Facility Letter and the Acquisition
“Shareholder(s)”	holder(s) of existing Shares
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Vendors”	together, Mr. Yuan and Ms. Gao
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 21 June 2007

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

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

*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 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.*

*This announcement will appear and remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.*