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

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

A notice convening a special general meeting (the “**SGM**”) of the Company to be held at 14/F., Printing House, 6 Duddell Street, Central, Hong Kong on Wednesday, 3 January 2007 at 10:30 a.m. is set out on pages 35 to 36 of this circular. A form of proxy for use thereat is also enclosed.

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

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

14 December 2006

CHARACTERISTICS OF GEM

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

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

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

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares 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
“associates”	has the same meaning ascribed to such term under the GEM Listing Rules
“Board”	board of Directors
“Business Day”	a day (other than a Saturday, Sunday and 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)
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“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 total consideration for the Acquisition
“Consultancy Service Agreement”	the consultancy service agreement entered into between PalmPay (互聯視通) and 東方匯眾 (Dong Fang Hui Zhong) on 11 December 2006 for the latter’s provision of consultancy services to the former in assisting PalmPay (互聯視通) to develop its business

DEFINITIONS

“Director(s)”	director(s) of the Company
“Director’s Undertaking”	the undertakings provided by Mr. Yuan on 11 December 2006 (and his replacement as a director of PalmPay (互聯視通) in the future) undertaking, among other things, to act in accordance with the directions of Multi Channel in resolving resolutions of the board of directors of PalmPay (互聯視通)
“Elicense”	eLicense 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 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)
“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 and 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

DEFINITIONS

“Latest Practicable Date”	12 December 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Macau”	Macau Special Administrative Region of the PRC
“Management Appointment Agreement”	the management appointment agreement 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 on 11 December 2006 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
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau 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)

DEFINITIONS

“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 total consideration for the Acquisition
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 16 November 2006 entered into between Upper Power as purchaser and the Vendor as vendor for the sale and purchase of the Sale Shares
“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
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other matters, the issue of the Consideration Shares
“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 entered into between Mr. Yuan as chargor and Multi Channel as chargee on 11 December 2006 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 provided by Mr. Yuan on 11 December 2006 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

DEFINITIONS

“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 (上海禹熊數碼科技有限公司), a private company established 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 established in the PRC indirectly owned by Media Magic through Multi Channel
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“USD”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

[#] *The English translation/transliteration of the Chinese names in this circular, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*



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

Executive Directors:

Mr. Wan Kin Chung (*Chairman*)
Mr. Wong Tak Shing (*Deputy Chairman*)
Mr. Lo Ka Tong
Mr. Cheng Kwong Chung
Mr. Chan Hin Wing, James

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

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

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

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

14 December 2006

To the Shareholders and holders of warrants and convertible notes of the Company

Dear Sir/Madam,

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

INTRODUCTION

Reference is made to the Former Announcement dated 22 August 2006 whereby the Company announced that on 11 August 2006, Upper Power, a wholly-owned subsidiary of the Company 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.

* For identification purpose only

LETTER FROM THE BOARD

By a further announcement dated 23 November 2006, the Board announced, among other matters, that on 16 November 2006 (after trading hours), Upper Power entered into the Sale and Purchase Agreement whereby Upper Power has agreed to purchase from the Vendor 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 purpose of this circular is to provide you with details of the Acquisition, further information on the Group and a notice convening the SGM for the approval of the Shareholders on issue of the Consideration Shares pursuant to the Sale and Purchase Agreement.

(1) 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 was 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 relationships/transactions 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.

LETTER FROM THE BOARD

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 was 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”, “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;

LETTER FROM THE BOARD

- (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 the 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, as at the Latest Practicable Date, Upper Power has no intention to waive any of such conditions.

The Company has been 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 Ancillary Agreements are legal, effective and enforceable and in compliance with the relevant rules and regulations of the PRC.

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 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 Ancillary Agreements and that the Media Magic Group will obtain control over the board of directors of PalmPay (互聯視通) upon completion of the Acquisition.

LETTER FROM THE BOARD

In accordance with paragraph 9 of the Hong Kong Accounting Standard 27 Consolidated and Separate Financial Statements issued by the Hong Kong Institute of Certified Public Accountants and with reference to the various agreements and documents as aforementioned, Media Magic and/or its subsidiaries will have the power to govern the financial and operating policies of PalmPay (互聯視通) so as to obtain benefits from PalmPay (互聯視通) activities. Accordingly, the auditors of Media Magic are of the opinion that it is proper to consolidate the financial statements of PalmPay (互聯視通) in the group accounts of Media Magic.

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 that the Profit Guarantee is given for the year ending 31 March 2008 of Media Magic, which is about 15 months 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.

LETTER FROM THE BOARD

Completion of the Acquisition

Completion of the Sale and Purchase Agreement shall take place within three 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 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 Media Magic will become a subsidiary of the Company. The accounts of Media Magic and PlamPay (互聯視通) will then be consolidated with that of the Group. As at the Latest Practicable Date, 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 intentions 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. In this regard, Upper Power intends to appoint one additional member to the board of directors of Media Magic and/or its subsidiaries whom together with Mr. Law Ho Ming will obtain control over the board of directors thereof.

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.

LETTER FROM THE BOARD

In consideration of the entering into of the Sale and Purchase Agreement, Upper Power and the Vendor have mutually agreed 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

The Company has been informed by the relevant parties to the Ancillary Agreements that they have entered into the Ancillary Agreements on 11 December 2006. Details of the Ancillary Agreements are set out below:

Exclusive Share Purchase Agreement

Date: 11 December 2006

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

(2) PalmPay (互聯視通); and

(3) Multi Channel as grantee

Prior to the 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 granted an irrevocable and exclusive right to Multi Channel or its nominee to purchase his entire interests in PalmPay (互聯視通) (making up 96% equity interests therein).

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 the 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).

LETTER FROM THE BOARD

Deposit: HK\$4,500,000 (equivalent to approximately RMB4,590,000) as refundable non interest-bearing deposit (refundable if Multi Channel chooses not to exercise the exclusive right under the Exclusive Share Purchase Agreement) 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: 11 December 2006

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 created a charge over his entire interests in PalmPay (互聯視通) in favour of Multi Channel to secure the performance of Mr. Yuan under the Exclusive Share Purchase Agreement.

Term: The charging period commences 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: 11 December 2006

Parties: (1) PalmPay (互聯視通); and
(2) 東方匯眾 (Dong Fang Hui Zhong)

LETTER FROM THE BOARD

- 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 onsite 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:** 11 December 2006
- 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. As at the Latest Practicable Date, Mr. Yuan was the sole director 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.

LETTER FROM THE BOARD

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: 11 December 2006

Parties: Mr. Yuan

Subject: Mr. Yuan undertook 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 directors of PalmPay (互聯視通) to give a similar undertaking as aforesaid.

Shareholder's Undertaking

Date: 11 December 2006

Parties: Mr. Yuan

Subject: Mr. Yuan undertook 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 enterprise 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 advised by its PRC legal adviser that the Ancillary Agreements in the PRC are legal, effective and enforceable and in compliance with the relevant rules and regulations of the PRC. Further information on the restrictions imposed in the telecommunication industry is elaborated 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) 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 the 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.

LETTER FROM THE BOARD

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 Latest Practicable Date; and, assuming no further Shares will be issued or no Shares will be repurchased, (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;
- (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.
- (iv) a discount of approximately 23.08% to the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 the 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 when the Sale and Purchase Agreement was entered into.

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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 has been 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.

Dealings in the Shares (including the Consideration Shares) may be settled through CCASS and that investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangement and how such arrangement will affect their rights and interests.

Mandate to issue Consideration Shares

As at the Latest Practicable Date, 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 Latest Practicable Date, the Company has 465,000,000 Shares in issue, convertible notes in the principal amount of HK\$9,300,000 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).

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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		Immediately	
	Latest Practicable Date		after the issue of	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Starryland Profits Limited (Note 1)	202,500,000	43.55%	202,500,000	40.90%
Union Bridge Power Systems Limited (Note 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)	3,450,000	0.74%	3,450,000	0.70%
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)	<u>176,250,000</u>	<u>37.90%</u>	<u>176,250,000</u>	<u>35.61%</u>
Total	<u><u>465,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>495,000,000</u></u>	<u><u>100.00%</u></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.

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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 holding 206,250,000 Shares representing approximately 41.67% 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.

Upon completion of the Acquisition, there will not be a change of control of the Company.

TERMS OF PROMISSORY NOTE

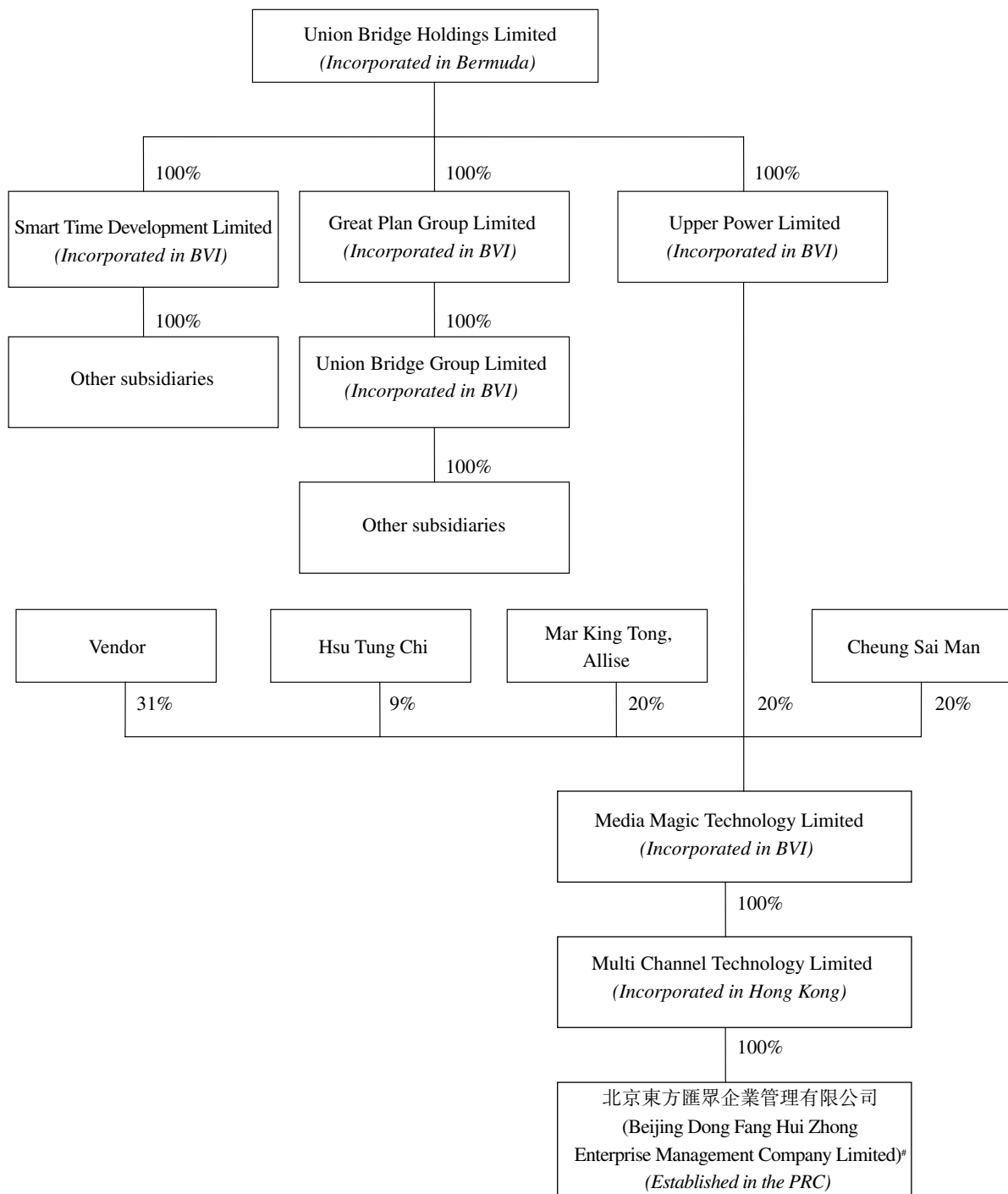
Issuer:	The Company
Principal amount:	HK\$10,120,000
Interest:	The Promissory Note will not carry any interest.
Maturity:	18 months from the date of issue of the Promissory Note.
Early repayment:	The Company could, at its option, repay the Promissory Note in whole or in part in integral multiples of 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).

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GROUP STRUCTURE

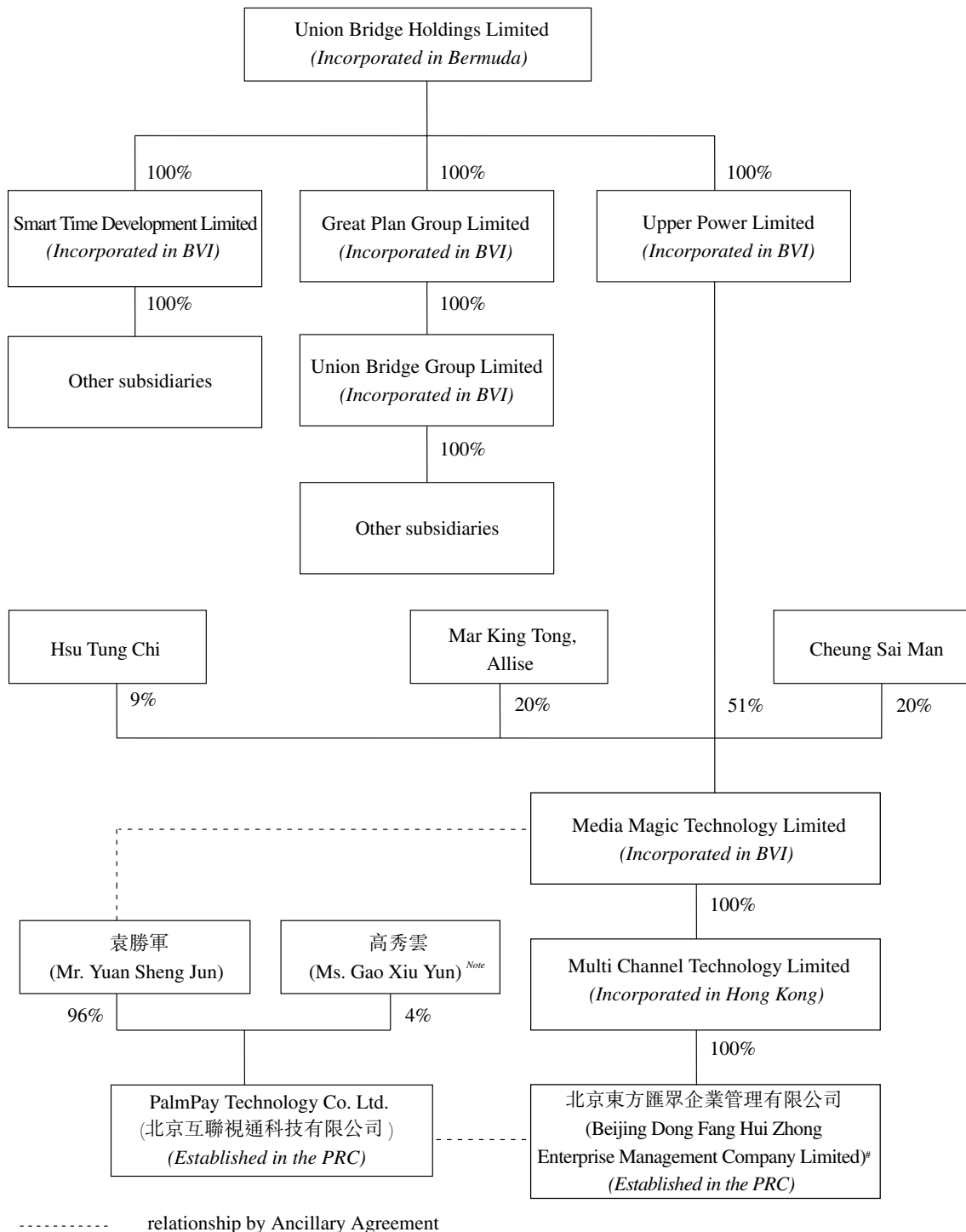
The diagram below shows the structure of the Group and the Media Magic Group immediately before and after completion of the Acquisition:

Before completion of the Acquisition:



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After completion of the Acquisition:



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.

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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 the 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,

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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 to 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 to 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 (approximately 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 Latest Practicable Date, 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 services, 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 a PRC enterprise 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

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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 one hand, has set up 東方匯眾 (Dong Fang Hui Zhong) with its business license being obtained on 17 November 2006, 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 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) is 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 phone 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.

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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 phone users, e.g. online role play games, card 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, as advised by the Vendor, Media Magic has recently reached an understanding 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. According to the Vendor, the relevant parties are arranging for signatures by the authorised signatory of the relevant parties in relation to the cooperation agreement.

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 have 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 Latest Practicable Date, 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.

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

Having consulted with the Company's PRC legal adviser regarding the Media Magic Group's intended business model which is legal, valid and enforceable and in compliance with the rules and regulations in the PRC, 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.

REASONS 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 diversify 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 value-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 Ancillary Agreements may be affected by any change

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in the policies, rules and regulations in the telecommunication sector in the PRC. Secondly, so long as the telecommunication business remains 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.

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Acquisition, 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 account of PalmPay (互聯視通) will also be consolidated with that of the Group.

The total assets of the Group will be increased by approximately HK\$10,038,000 (representing an aggregate of approximately HK\$8,538,000, being the combined total assets of the Media Magic Group (51% attributable interests) and PalmPay (互聯視通) (48.96% attributable interests through Media Magic) and HK\$1,500,000, being an increase as a result of the issue of the Consideration Shares (based on the nominal value of HK\$0.05 of each of the Consideration Shares). The total liabilities of the Group will also be increased by approximately HK\$11,779,000 (representing an aggregate of approximately HK\$1,659,000, being the combined total liabilities of the Media Magic Group (51% attributable interests) and PalmPay (互聯視通) (48.96% attributable interests through Media Magic) and HK\$10,120,000, being an increase as a result of the issue of the Promissory Note.

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

The above increases are calculated based on the unaudited consolidated management accounts of the Media Magic Group as at 30 September 2006 and unaudited accounts of PalmPay (互聯視通) as at 30 September 2006 prepared by the Vendor in accordance with the generally accepted accounting principles in Hong Kong.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE GEM LISTING RULES

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

SGM

The SGM will be held at 14/F., Printing House, 6 Duddell Street, Central, Hong Kong on Wednesday, 3 January 2007, at 10:30 a.m. or any adjournments thereof, for the purpose of considering and, if thought fit, passing the resolutions to approve, among other matters, the issue of the Consideration Shares. A notice convening the SGM is set out on pages 35 to 36 of this circular.

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

As at the Latest Practicable Date, no Shareholders are required to abstain from voting at the SGM.

RECOMMENDATIONS

Having considered the above factors and reasons, we are of the opinion that the entering into of the Sale and Purchase Agreement was in the interests of the Group and the Shareholders as a whole and that the terms of the Sale and Purchase Agreement including the issue of the Consideration Shares are fair and reasonable so far as the Group and the Shareholders are concerned. The Board recommends the Shareholders to vote in favour of the specific mandate to be sought at the SGM for the issue of the Consideration Shares and the matters contemplated thereby.

ADDITIONAL INFORMATION

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

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

(1) RESPONSIBILITY STATEMENT

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

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

(2) DISCLOSURE OF INTERESTS**(a) Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to 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.

Name of Director	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital
Wan Kin Chung	Beneficial	300,000 (L)	0.06%
Wong Tak Shing	Beneficial	3,450,000 (L)	0.74%
Cheng Kwong Chung	Beneficial	3,750,000 (L)	0.81%
Lo Ka Tong	Beneficial	3,750,000 (L)	0.81%

(L) Long position

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange

(b) Interests of substantial Shareholders

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

Name	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital
Starryland Profits Limited (Note 1)	Beneficial	202,500,000(L)	43.55%
Lau Kim Hung, Jack ("Mr. Lau") (Note 1)	Interests in controlled corporation	202,500,000(L)	43.55%
Chan Yiu Kan, Katie (Note 1)	Family interests	202,500,000(L)	43.55%
Union Bridge Power Systems Limited	Beneficial	123,947,368 (L) (Note 2)	26.66%
The Vendor	Beneficial	30,000,000 (L)	6.45%

(L) Long position

Notes:

1. Starryland Profits Limited, a company incorporated in BVI, is wholly and beneficially owned by Mr. Lau. By virtue of the SFO, Mr. Lau and Ms. Chan Yiu Kan Katie, being the wife of Mr. Lau, are deemed to be interested in 202,500,000 Shares held by Starryland Profits Limited.

2. Union Bridge Power Systems Limited, a company incorporated in the Cayman Islands, is interested in 75,000,000 Shares and 48,947,368 Conversion Share (as defined in note 2 to the shareholdings table under the heading “Change of Shareholding Structure of the Group” to be issued upon the conversion of the convertible notes of the Company, the aggregate of which amounts to 123,947,368 Shares, representing approximately 26.66% of the total issued share capital of the Company.

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

(3) LITIGATION

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

(4) SERVICE CONTRACTS

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

(5) COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or management shareholders (as defined in the GEM Listing Rules) or substantial shareholder or any of their respective associates had an interest in a business which competes or may compete with the business of the Group or has any other conflict of interest which any such person has or may have with the Group.

(6) SHARE CAPITAL OF THE COMPANY

<i>Authorised</i>		<i>HK\$</i>
2,000,000,000	Shares	100,000,000
<i>Issued and to be issued, fully paid or credited as fully paid</i>		
465,000,000	Shares in issue as at the Latest Practicable Date	23,250,000
<u>30,000,000</u>	Consideration Shares to be allotted and issued	<u>1,500,000</u>
<u>495,000,000</u>	Total Shares in issue upon completion of the Acquisition	<u>24,750,000</u>

As at the Latest Practicable Date, the Company has outstanding convertible notes in the principal amount of HK\$9,300,000 carrying rights to convert into 48,947,368 Conversion Shares at the present conversion price of HK\$0.19 per Conversion Share (please refer to note 2 to the shareholdings table under the heading “Change of Shareholding Structure of the Group” above for details) 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 at the present subscription price of HK\$0.15 per Share (details of the warrants were set out in an announcement of the Company dated 13 October 2006).

(7) PROCEDURES FOR THE DEMAND BY POLL

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

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

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

(8) MISCELLANEOUS

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

Mr. Kwok Chi Sun, Vincent

Mr. Kwok Chi Sun, Vincent (“**Mr. Kwok**”), aged 43, was appointed as an independent non-executive Director on 16 August 2005. Mr. Kwok is the sole proprietor of Vincent Kwok & Co. and is a Certified Public Accountant. He is also an independent non-executive director of four other listed companies in Hong Kong, namely Shun Ho Resources Holdings Limited, Shun Ho Technology Holdings Limited, Magnificent Estates Limited and KanHan Technologies Group Limited with the first three companies being listed on the main board of the Stock Exchange while the last company is listed on GEM. Mr. Kwok had also been a non-executive director of Oriental Investment Corporation Limited until September 2005 and an independent non-executive director of Fortuna International Holdings Limited until June 2006, both companies are listed on the main board of the Stock Exchange. Save as disclosed above, Mr. Kwok did not hold any directorship in any other listed companies in the last three years before his appointment as an independent non-executive Director.

Save as his being as an independent non-executive Director, Mr. Kwok does not have any relationships with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of GEM Listing Rules).

Mr. Yeung Kam Yan

Mr. Yeung Kam Yan (“**Mr. Yeung**”), aged 53, was appointed as an independent non-executive Director on 16 August 2005. Mr. Yeung is also a member of Air & Waste Management Association Hong Kong Section. Mr. Yeung has over eight years of experience in accounting, sales and marketing in different international companies including Olivetti (Hong Kong) Ltd. from 1979 to 1982, O.P.D. Limited from 1982 to 1985 and Henry Boot Far East Limited from 1986 to 1990. Mr. Yeung has also carried on a trading and investment business of his own in the PRC from 1990 to 1998. Mr. Yeung was previously an executive director of Hua Xia Healthcare Holdings Limited (formerly named as Grandy Corporation) until April 2006, a company listed on GEM. Save as disclosed above, Mr. Yeung did not hold any directorship in any other listed companies in the last three years before his appointment as an independent non-executive Director.

Save as being as an independent non-executive Director, Mr. Yeung does not have any relationships with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of GEM Listing Rules).

Mr. Chan Wing Chiu

Mr. Chan Wing Chiu (“**Mr. Chan**”), aged 75, was appointed as an independent non-executive Director on 16 August 2005. Mr. Chan holds a bachelor’s degree in electrical engineering from the South China University of Guangzhou, the PRC. Mr. Chan had been a power designer for signaling and communication engineer for the Ministry of Railways, the PRC for more than 27 years. Mr. Chan did not hold any directorship in any other listed companies in the last three years before his appointment as an independent non-executive Director.

Save as his being as an independent non-executive Director, Mr. Yeung does not have any relationships with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of GEM Listing Rules).

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

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


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

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Union Bridge Holdings Limited (the “**Company**”) will be held at 14/F., Printing House, 6 Duddell Street, Central, Hong Kong on Wednesday, 3 January 2007 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company.

ORDINARY RESOLUTION

“**THAT**

- (a) the allotment and issue to the Vendor (as defined below) of an aggregate of 30,000,000 ordinary shares (the “**Consideration Shares**” and each a “**Consideration Share**”) of HK\$0.05 each in the capital of the Company credited as fully paid at an issue price of HK\$0.20 per Consideration Share as part of the consideration for and pursuant to the conditional sale and purchase agreement dated 16 November 2006 and entered into between Upper Power Limited, a wholly-owned subsidiary of the Company, as purchaser and Mr. Hsu Tung Sheng (the “**Vendor**”) as vendor in relation to the sale and purchase of 17,222 shares of US\$1.00 each in the share capital of Media Magic Technology Limited at a total consideration of HK\$16,120,000, a copy of which has been produced to this Meeting marked “A” and signed by the chairman of this Meeting for the purpose of identification be and is hereby approved; and
- (b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider(s) necessary or expedient for giving effect to the allotment and issue of the Consideration Shares and the matters contemplated thereunder.”

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

Hong Kong, 14 December 2006

* For identification purpose only

NOTICE OF SGM

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

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

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his/her/its stead. A proxy need not be a member of the Company but must be present in person to represent the member.
2. A form of proxy for use at the Meeting is enclosed in the circular of the Company dated 14 December 2006 sent to the members. In order to be valid, the form of proxy attached to this circular must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, at the offices of the branch share registrar of the Company in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the above Meeting or any adjournment thereof should he/she/it so wish.
3. Where there are joint holders of any share of the Company, any one of such holders may vote at the Meeting either personally or by proxy in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such holders be present at the Meeting personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.