



PALMPAY CHINA (HOLDINGS) LIMITED

中國掌付（集團）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8047)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

* For identification purposes only

HIGHLIGHTS

For the six months ended 30 September 2009,

- the turnover of the Group was approximately HK\$23,513,000 as compared to the turnover of approximately HK\$25,702,000 recorded in the corresponding period.
- the profit attributable to equity holders of the Company was approximately HK\$9,341,000 (2008: HK\$6,345,000).
- the directors do not recommend the payment of an interim dividend (2008: Nil).
- the earnings per share of the Company was approximately HK0.51 cents (2008: HK0.47 cents).

FINANCIAL RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 30 September 2009 together with the comparative unaudited figures for the corresponding periods in 2008 respectively as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months and six months ended 30 September 2009

		Six months ended 30 September 2009 (Unaudited) HK\$'000		Three months ended 30 September 2009 (Unaudited) HK\$'000	
	Notes	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Turnover	3	23,513	25,702	10,395	12,625
Cost of sales		(2,667)	(3,743)	(1,284)	(1,923)
Gross profit		20,846	21,959	9,111	10,702
Other revenue		352	453	176	405
Distribution costs		(1,595)	(2,970)	(769)	(1,453)
Administrative expenses		(7,118)	(5,623)	(4,007)	(3,175)
Profit from operating activities		12,485	13,819	4,511	6,479
Finance costs		(270)	(70)	(233)	(35)
Profit before income tax	5	12,215	13,749	4,278	6,444
Income tax	6	(1,211)	(4,092)	(534)	(2,016)
Profit for the period		<u>11,004</u>	<u>9,657</u>	<u>3,744</u>	<u>4,428</u>
Other comprehensive income					
Exchange differences arising on translation		221	1,122	10	1,929
Total comprehensive income for the period		<u>11,225</u>	<u>10,779</u>	<u>3,754</u>	<u>6,357</u>
Profit for the period attributable to:					
Equity holders of the Company		9,341	6,345	4,193	2,443
Minority interests		1,663	3,312	(449)	1,985
		<u>11,004</u>	<u>9,657</u>	<u>3,744</u>	<u>4,428</u>
Total comprehensive income attributable to:					
Equity holders of the Company		9,504	7,467	4,199	4,372
Minority interests		1,721	3,312	(445)	1,985
		<u>11,225</u>	<u>10,779</u>	<u>3,754</u>	<u>6,357</u>
Dividends	8	—	—	—	—
Earnings per share	7				
– Basic (cent)		<u>0.51</u>	<u>0.47</u>	<u>0.21</u>	<u>0.17</u>
– Diluted (cent)		<u>0.50</u>	<u>N/A</u>	<u>0.20</u>	<u>N/A</u>

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 September 2009

		As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		12,491	15,436
Available-for-sale investments		26,323	26,323
Intangible assets		<u>226,901</u>	<u>156,360</u>
Total non-current assets		<u>265,715</u>	<u>198,119</u>
CURRENT ASSETS			
Inventories		234	—
Trade receivables	9	56,651	45,907
Prepayments, deposits and other receivables		45,401	38,477
Cash and cash equivalents		<u>9,437</u>	<u>9,985</u>
Total current assets		<u>111,723</u>	<u>94,369</u>
CURRENT LIABILITIES			
Accrued expenses and other payables		35,552	21,139
Amount due to a director		231	446
Tax payable		<u>3,838</u>	<u>2,896</u>
Total current liabilities		<u>39,621</u>	<u>24,481</u>
NET CURRENT ASSETS		<u>72,102</u>	<u>69,888</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>337,817</u>	<u>268,007</u>
NON-CURRENT LIABILITIES			
Convertible notes		<u>16,220</u>	<u>2,933</u>
Total non-current liabilities		<u>16,220</u>	<u>2,933</u>
NET ASSETS		<u><u>321,597</u></u>	<u><u>265,074</u></u>
EQUITY			
Issued capital		103,745	78,318
Reserves		<u>218,344</u>	<u>170,668</u>
		322,089	248,986
MINORITY INTERESTS		<u>(492)</u>	<u>16,088</u>
TOTAL EQUITY		<u><u>321,597</u></u>	<u><u>265,074</u></u>

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 September 2009

	Issued share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Convertible notes reserve (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Available for sale investments reserve (Unaudited) HK\$'000	Retained profits/ accumulated losses (Unaudited) HK\$'000	Sub-total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2008	64,117	179,624	6,015	2,314	443	3,736	1,340	-	(45,724)	211,865	6,850	218,715
Profit for the period	-	-	-	-	-	-	-	-	6,345	6,345	3,312	9,657
Exchange differences arising on translation	-	-	-	1,122	-	-	-	-	-	1,122	-	1,122
Total comprehensive income for the period	-	-	-	1,122	-	-	-	-	6,345	7,467	3,312	10,779
Issue of consideration shares	1,148	14,470	-	-	-	-	-	-	-	15,618	-	15,618
Issue of bonus shares	13,053	(13,053)	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	450	450
At 30 September 2008	<u>78,318</u>	<u>181,041</u>	<u>6,015</u>	<u>3,436</u>	<u>443</u>	<u>3,736</u>	<u>1,340</u>	<u>-</u>	<u>(39,379)</u>	<u>234,950</u>	<u>10,612</u>	<u>245,562</u>
At 1 April 2009	78,318	181,041	6,015	3,216	443	6,008	1,340	(1,734)	(25,661)	248,986	16,088	265,074
Profit for the period	-	-	-	-	-	-	-	-	9,341	9,341	1,663	11,004
Exchange differences arising on translation	-	-	-	163	-	-	-	-	-	163	58	221
Total comprehensive income for the period	-	-	-	163	-	-	-	-	9,341	9,504	1,721	11,225
Issue of consideration shares	11,818	14,182	-	-	-	-	-	-	-	26,000	-	26,000
Exercise of share options	250	443	-	-	-	(163)	-	-	-	530	-	530
Issue of convertible notes	-	-	-	-	5,362	-	-	-	-	5,362	-	5,362
Conversion of convertible notes	13,359	21,373	-	-	(3,775)	-	-	-	-	30,957	-	30,957
Issue of warrants	-	-	-	-	-	-	750	-	-	750	-	750
Acquired on acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(18,301)	(18,301)
Share premium reduction	-	(181,041)	139,111	-	-	-	-	-	41,930	-	-	-
At 30 September 2009	<u>103,745</u>	<u>35,998</u>	<u>145,126</u>	<u>3,379</u>	<u>2,030</u>	<u>5,845</u>	<u>2,090</u>	<u>(1,734)</u>	<u>25,610</u>	<u>322,089</u>	<u>(492)</u>	<u>321,597</u>

Condensed Consolidated Statement of Cash Flow (Unaudited)*For the six months ended 30 September 2009*

	Six months ended 30 September 2009 (Unaudited) HK\$'000	Six months ended 30 September 2008 (Unaudited) HK\$'000
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	9,785	(4,958)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	–	(21)
Proceeds from disposal of property, plant and equipment	1,673	–
Purchase of intangible assets	(6,506)	–
Acquisition of additional interest in subsidiaries	(7,000)	–
Purchases of available for sale investments	–	(12,439)
Disposal of subsidiaries	–	450
Interest received	–	453
NET CASH USED IN INVESTING ACTIVITIES	(11,833)	(11,557)
FINANCING ACTIVITIES		
Proceeds from issue of shares	530	–
Proceeds from issue of warrants	750	–
NET CASH FROM FINANCING ACTIVITIES	1,280	–
DECREASE IN CASH AND CASH EQUIVALENTS	(768)	(16,515)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,985	31,752
	9,217	15,237
Effect of foreign exchange rate changes	220	1,122
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,437	16,359
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,437	16,359

Notes:

1. GENERAL

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

The Group is principally engaged in the provision of mobile payment gateway services.

2. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2009.

3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

4. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) Business segment

Throughout the six months ended 30 September 2008 and 2009, the Group has been operating in a single business segment, i.e. the provision of mobile payment gateway services.

(b) Geographical segment

The Group's revenue and results are substantially derived from the PRC and its operating assets and liabilities are also based in the PRC.

5. PROFIT BEFORE INCOME TAX

The Group's profit before taxation is arrived at after charging the following:

	Six months ended 30 September		Three months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of product development costs	–	540	–	270
Depreciation of property, plant and equipment	<u>1,272</u>	<u>1,822</u>	<u>1,070</u>	<u>911</u>

6. INCOME TAX

Hong Kong profits tax has not been provided (2008: Nil) as there was no assessable income in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	Six months ended 30 September		Three months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax – other jurisdictions	<u>1,211</u>	<u>4,092</u>	<u>534</u>	<u>2,016</u>
Tax charge for the period	<u>1,211</u>	<u>4,092</u>	<u>534</u>	<u>2,016</u>

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

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited net profit attributable to equity holders of the Company for the three months and six months ended 30 September 2009 of approximately HK\$4,193,000 and HK\$9,341,000 respectively (three months and six months ended 30 September 2008: unaudited net profit of approximately HK\$2,443,000 and HK\$6,345,000 respectively) and the weighted average number of 2,044,844,682 and 1,826,945,740 ordinary shares of the Company respectively (three months and six months ended 30 September 2008: 1,441,519,490 and 1,359,125,123 shares respectively).

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the three months and six months ended 30 September 2009, the Company had three categories of dilutive potential ordinary shares: share options, warrants and convertible bonds.

	Six months ended 30 September 2009 HK\$'000		Three months ended 30 September 2009 HK\$'000	
	2008 HK\$'000		2008 HK\$'000	
Profit used to determine diluted earnings per share	<u>9,341,000</u>	<u>6,345,000</u>	<u>4,193,000</u>	<u>2,443,000</u>
Weighted average number of ordinary shares in issue	1,826,945,740	1,359,125,123	2,044,844,682	1,441,519,490
Adjustments for assumed exercise of share options, warrants and convertible bonds	<u>35,789,288</u>	<u>–</u>	<u>43,708,288</u>	<u>–</u>
Weighted average number of ordinary shares of diluted earnings per share	<u>1,862,735,028</u>	<u>1,359,125,123</u>	<u>2,088,552,970</u>	<u>1,441,519,490</u>
	2009	2008	2009	2008
Diluted earnings per share	<u>0.50 cent</u>	<u>N/A</u>	<u>0.20 cent</u>	<u>N/A</u>

No diluted earnings per share had been presented for the three months and six months ended 30 September 2008 as the exercise price of the Company's share options, warrants and convertible bonds was higher than the average market price for the share.

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

9. TRADE RECEIVABLES

The aging analysis of trade receivables (net of impairment allowances for bad and doubtful debts) at 30 September 2009, based on date of services rendered, is as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Within 30 days	5,893	6,771
31 to 60 days	6,123	4,868
61 to 90 days	6,141	4,509
91 to 120 days	7,002	5,431
Over 120 days	<u>31,492</u>	<u>24,328</u>
	<u>56,651</u>	<u>45,907</u>

10. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease commitments which are negotiated for terms from 1 to 5 years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Within one year	976	1,247
In the second to fifth years, inclusive	<u>—</u>	<u>415</u>
	<u>976</u>	<u>1,662</u>

11. COMMITMENTS

In addition to the operating lease commitments detailed in note 10 above, the Group had the following capital commitments:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Contracted, but not provided for in respect of acquisition of property, plant and equipment	<u>—</u>	<u>3,713</u>

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND PROSPECT

Financial review

The mobile payment gateway business of the Group remains stable during the period. For the period ended 30 September 2009, the Group recorded a turnover of approximately HK\$23,513,000 from its mobile payment gateway business. During the period, the Group recorded net profit and profit attributable to equity holders of the Company of approximately HK\$11,004,000 and HK\$9,341,000 respectively. The administrative expenses increased by approximately 27% as compared to the previous corresponding period mainly due to the increase in professional fees incurred for several corporate transactions.

Operation review

The Board has been adopting progressive and pragmatic approach on development of the Near Field Communication Technology (“NFC”) web-based payment gateway business. In the past six to nine months, with the full technical support from our Japanese partner, the customization of such web-based payment gateway has been completed. The hardware and software, including the interfacing platform with a leading commercial bank in the PRC, of such web-based payment gateway system has been completed and fully tested by the Group.

During the period, the Group has achieved significant progress on the development of such web-based payment gateway business.

The Group is close to finalizing with one of the major telecommunication providers in the PRC for integration of the NFC web-based payment gateway technology into the mobile network. At the same time, several cities in Sichuan and Liaoning provinces have been jointly selected by such telecommunication provider and the Group for the trial run of a payment system with full supports from the local governments (similar to Octopus payment model in Hong Kong) to which the Group will provide its NFC web-based payment gateway. Such business will be scaled up into other selected provinces/cities and eventually, nationwide upon success in the selected provinces.

The Group is also in advanced negotiation in relation to the co-operation with a leading on-line payment provider which has developed an on-line payment platform and established over 1,000 related payment convenient shops in Wuhan, the PRC. The NFC web-based payment gateway platform will be integrated into such on-line payment platform.

The Group is in negotiation for co-operation with several payment businesses which are engaged in the prepaid/debit card in the PRC. The Group believes that its NFC web-based payment gateway technology will be able to upgrade the systems of such businesses and hence, fully integrate the payment systems of such businesses into the NFC web-based payment gateway business of the Group.

As aforesaid, the Group is well positioned to develop its NFC web-based payment gateway business with the telecommunication providers in the PRC. The Group is vertically seeking suitable downstream partners (i.e. prepaid/debit card issuers and payment collection companies). Through such vertical integrations, the Group believes that the NFC web-based payment gateway business will grow at an accelerated pace.

With the infrastructure and the foundation of the mobile payment gateway business being solidly laid and the developments of NFC web-based payment gateway business as mentioned above, being one of the forerunners in the NFC payment gateway business in the PRC, the Board is optimistic that the Group will generate explosive business opportunities to the Group in the near future.

Liquidity, financial resources and capital structure

As at 30 September 2009, the Group had total assets of approximately HK\$377.4 million (31 March 2009: approximately HK\$292.5 million), including cash and bank balances of approximately HK\$9.4 million (31 March 2009: approximately HK\$10.0 million).

For the period ended 30 September 2009, the Group financed its operations mainly with its own working capital and there were no general banking facilities. There was no charge on the Group's assets as at 30 September 2009 (31 March 2009: Nil).

As at 30 September 2009, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (31 March 2009: zero). The Group had no bank borrowings as at 30 September 2009 (31 March 2009: Nil).

Most of the transactions of the Group are denominated in Hong Kong Dollars and Renminbi. As the exchange rate of Renminbi to Hong Kong Dollars are fairly stable, the Board is of the view that the exposure to foreign currency exchange risk is limited. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

Material acquisitions and disposal of subsidiaries

During the period, the Group further acquired 25% share capital of the Media Magic Technology Limited. The acquisition was completed on 16 June 2009. For details of the acquisition, please refer to the circular of the Company dated 27 May 2009.

Other than the above, the Group did not have any material acquisitions and disposal of subsidiaries.

Contingent liabilities

The Group had no contingent liability as at 30 September 2009 (31 March 2009: Nil)

Employees and remuneration policies

As at 30 September 2009, the Group had 47 (31 March 2009: 51) employees including directors. Total staff-costs (excluding directors' emoluments) amounted to approximately HK\$1,972,000 for the six months ended 30 September 2009, as compared to approximately HK\$2,292,000 in the previous corresponding period. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme for its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to the employees in the PRC.

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

As at 30 September 2009, the interests and short position of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred 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:

(i) Interests in shares:

Name of director	Nature of interests	Number of the shares held	Approximate percentage of issued share capital
Hsu Tung Chi (<i>Note 1</i>)	Beneficial	67,694,087(L)	3.26%
Hsu Tung Sheng	Beneficial	900,000(L)	0.04%
Yuan Shengjun	Beneficial	26,012,000(L)	1.25%
Chan Francis Ping Kuen	Beneficial	5,000,000(L)	0.24%

(L) denotes long position

Note:

- 1 Mr. Hsu Tung Chi is interested in 65,074,000 shares of the Company and 2,620,087 conversion shares to be issued pursuant to convertible notes issued by the Company.

(ii) Interests in share options:

Name of director	Number of share options outstanding	Approximate percentage of issued share capital
Hsu Tung Sheng	3,840,000 [#]	0.19%
	11,000,000 [^]	0.53%
Hsu Tung Chi	3,840,000 [#]	0.19%
	11,000,000 [^]	0.53%
Yuan Shengjun	3,840,000 [#]	0.19%
	11,000,000 [^]	0.53%
Chan Hin Wing, James	3,840,000 [#]	0.19%
	11,000,000 [^]	0.53%
Chan Francis Ping Kuen	13,200,000 [*]	0.64%
	2,160,000 [#]	0.10%
	8,000,000 [^]	0.39%

* The exercise price of the share options is HK\$0.4333 per share with exercise period commencing from 14 August 2007 and ending on 13 August 2017.

The exercise price of the share options is HK\$0.3875 per share with exercise period commencing from 21 December 2007 and ending on 20 December 2017.

[^] The exercise price of the share options is HK\$0.106 per share with the exercise period commencing from 1 December 2008 and ending on 30 November 2013.

Save as disclosed above, as at 30 September 2009, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed 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 referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 18 October 2001 pursuant to a written resolution of the Company. The Company has made the adjustment to the outstanding share options in accordance with the bonus issue. Details of the movements in the number of share options during the period under the scheme were as follows:

Categories of grantees	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding as at 31/3/2009	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding as at 30/09/2009
Directors								
Mr. Chan Hin Wing, James	21/12/2007	21/12/2007 – 20/12/2017	0.3875	3,840,000	–	–	–	3,840,000
	1/12/2008	1/12/2008 – 30/11/2013	0.1060	11,000,000	–	–	–	11,000,000
Mr. Chan Francis Ping Kuen	14/08/2007	14/08/2007 – 13/08/2017	0.4333	13,200,000	–	–	–	13,200,000
	21/12/2007	21/12/2007 – 20/12/2017	0.3875	2,160,000	–	–	–	2,160,000
	1/12/2008	1/12/2008 – 30/11/2013	0.1060	13,000,000	–	–	(5,000,000)	8,000,000
Mr. Hsu Tung Sheng	21/12/2007	21/12/2007 – 20/12/2017	0.3875	3,840,000	–	–	–	3,840,000
	1/12/2008	1/12/2008 – 30/11/2013	0.1060	11,000,000	–	–	–	11,000,000
Mr. Hsu Tung Chi	21/12/2007	21/12/2007 – 20/12/2017	0.3875	3,840,000	–	–	–	3,840,000
	1/12/2008	1/12/2008 – 30/11/2013	0.1060	11,000,000	–	–	–	11,000,000
Mr. Yuan Shengjun	21/12/2007	21/12/2007 – 20/12/2017	0.3875	3,840,000	–	–	–	3,840,000
	1/12/2008	1/12/2008 – 30/11/2013	0.1060	11,000,000	–	–	–	11,000,000
Employees								
	17/12/2007	17/12/2007 – 16/12/2017	0.3775	22,800,000	–	–	–	22,800,000
	21/12/2007	21/12/2007 – 20/12/2017	0.3875	3,840,000	–	–	–	3,840,000
	1/12/2008	1/12/2008 – 30/11/2013	0.1060	13,000,000	–	–	–	13,000,000
Consultants								
	14/08/2007	14/08/2007 – 13/08/2017	0.4333	13,200,000	–	(13,200,000)	–	–
	17/12/2007	17/12/2007 – 16/12/2017	0.3775	24,000,000	–	–	–	24,000,000
				<u>164,560,000</u>	<u>–</u>	<u>(13,200,000)</u>	<u>(5,000,000)</u>	<u>146,360,000</u>

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

As at 30 September 2009, other than the interests of directors of the Company as disclosed under the heading “Directors and chief executive’s interests in shares, underlying shares and debentures” above, the interests and short positions of persons, in the shares and underlying shares of the Company 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 or, who is, 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 other members of the Group, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interests	Number of the shares held	Approximate percentage of issued share capital
Starryland Profits Limited (<i>Note 1</i>)	Beneficial	537,354,000(L)	25.90%
Lau Kim Hung, Jack (<i>Note 1</i>)	Interests in controlled corporation	537,354,000(L)	25.90%
	Beneficial	11,208,000(L)	0.54%
	Deemed	1,200,000(L)	0.06%
Chan Yiu Kan, Katie (<i>Note 1</i>)	Deemed	548,562,000(L)	26.44%
	Beneficial	1,200,000(L)	0.06%
Big Well Investments Limited (<i>Note 2</i>)	Beneficial owner	267,304,635(L)	12.88%
Chong Tin Lung (<i>Note 2</i>)	Interests in controlled corporation	267,304,635(L)	12.88%
Lo Yee Man (<i>Note 2</i>)	Deemed	267,304,635(L)	12.88%
Winner Gain Investments Limited (<i>Note 3</i>)	Beneficial	232,587,706(L)	11.21%

Name	Nature of interests	Number of the shares held	Approximate percentage of issued share capital
Yip Yung Kan (<i>Note 3</i>)	Beneficial	10,800,000(L)	0.52%
	Interests in controlled corporation	232,587,706(L)	11.21%
Lei I Si (<i>Note 3</i>)	Deemed	243,387,706(L)	11.73%

(L) denotes long position

Notes:

1. Starryland Profits Limited, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. Lau Kim Hung, Jack ("Mr. Lau"). Mr. Lau is deemed to be interested in 537,354,000 shares held by Starryland Profits Limited. In addition, by virtue of being the spouse of Ms. Chan Yiu Kan Katie, he is also deemed to be interested in 1,200,000 shares held by Ms. Chan Yiu Kan Katie.

Ms. Chan Yiu Kan Katie, being the spouse of Mr. Lau, is deemed to be interested in 537,354,000 shares held by Starryland Profits Limited and 11,208,000 shares held by Mr. Lau.

2. Big Well Investments Limited ("Big Well") is a company incorporated in the British Virgin Islands which is a subscriber of 223,000,000 non-listed warrants under the private placing of non-listed warrants as disclosed in the announcements of the Company dated 27 August 2007 and 1 September 2007 conferring rights to Big Well to subscribe for 223,000,000 shares. After the bonus issue adjustment, the number of non-listed warrants is adjusted to 267,304,635. Big Well is wholly-owned by Mr. Chong Tin Lung and he is therefore deemed to be interested in those shares. By virtue of Ms. Lo Yee Man being the spouse of Mr. Chong Tin Lung, she is also deemed to be interested in those 267,304,635 shares as well.
3. Winner Gain Investments Limited ("Winner Gain"), a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. Yip Yung Kan ("Mr. Yip"). Mr. Yip is deemed to be interested in 232,587,706 shares.

Ms. Lei I Si, being the spouse of Mr. Yip, is deemed to be interested in 232,587,706 shares held by Winner Gain and 10,800,000 shares held by Mr. Yip.

Save as disclosed above, as at 30 September 2009, the directors of the Company were not aware of any other person (other than the directors of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who is 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 other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

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

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

During the six months ended 30 September 2009, there were no purchases, sales or redemptions of the Company's listed shares by the Company or any of its subsidiaries.

COMPETING INTERESTS

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

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Bye-laws of the Company, or the Bye-laws of Bermuda, which would oblige the Company to offer new shares on a pro rate basis to existing shareholders.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Throughout the period ended 30 September 2009, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions.

CODE ON CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the period ended 30 September 2009 except that no nomination committee of the Board is established.

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 18th October 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises the three independent non-executive directors of the Company, namely, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Kai Wing. The unaudited financial statements of the Group for the period ended 30 September 2009 have been reviewed by the Committee, which is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange requirements, and that adequate disclosures have been made.

By order of the Board
Palmpay China (Holdings) Limited
Chan Francis Ping Kuen
Executive Director

Hong Kong, 12 November 2009

As at the date of this announcement, the executive Directors are Mr. Chan Francis Ping Kuen, Mr. Hsu Tung Sheng, Mr. Hsu Tung Chi, Mr. Chan Hin Wing, James and Mr. Yuan Shengjun. The independent non-executive Directors are Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Kai Wing.

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

This announcement will appear and remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and the Company’s website at www.palmpaychina.com.