



PALMPAY CHINA (HOLDINGS) LIMITED

中國掌付(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8047)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached other than companies listed on Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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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 purpose only

HIGHLIGHTS

For the nine months ended 31 December 2009

- the turnover of the Group was approximately HK\$34,154,000 as compared to the same of approximately HK\$39,379,000 recorded in the corresponding period.
- the profit attributable to equity holders of the Company was approximately HK\$13,068,000 (2008: HK\$11,718,000).
- the directors do not recommend the payment of any dividend (2008: Nil).
- the earnings per share of the Company was approximately HK0.68 cents (2008: HK0.82 cents).

FINANCIAL RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and nine months ended 31 December 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months and nine months ended 31 December 2009

		Nine months ended 31 December 2009 (unaudited) HK\$'000		Three months ended 31 December 2009 (unaudited) HK\$'000	
	Notes	2008 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Turnover	3	34,154	39,379	10,641	13,677
Cost of sales		(3,981)	(5,589)	(1,314)	(1,846)
Gross profit		30,173	33,790	9,327	11,831
Other revenue		527	2,949	175	2,496
Distribution costs		(3,635)	(4,350)	(2,040)	(1,380)
Administrative expenses		(10,457)	(8,717)	(3,339)	(3,094)
Profit from operating activities		16,608	23,672	4,123	9,853
Finance costs		(470)	(110)	(200)	(40)
Profit before income tax		16,138	23,562	3,923	9,813
Income tax	4	(1,661)	(6,405)	(450)	(2,313)
Profit for the period		14,477	17,157	3,473	7,500
Other comprehensive income					
Exchange differences arising on translation		221	1,454	–	332
Total comprehensive income for the period		14,698	18,611	3,473	7,832
Profit for the period attributable to:					
Equity holders of the Company		13,068	11,718	3,727	5,373
Minority interests		1,409	5,439	(254)	2,127
		14,477	17,157	3,473	7,500
Total comprehensive income attributable to:					
Equity holders of the Company		13,231	13,172	3,727	5,705
Minority interests		1,467	5,439	(254)	2,127
		14,698	18,611	3,473	7,832
Dividends	7	–	–	–	–
Earnings per share	5				
– Basic (cent)		0.68	0.82	0.18	0.34
– Diluted (cent)		0.67	0.79	0.18	0.33

Notes:

1. General

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

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

2. Basis of presentation

The unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules. 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

The Group’s turnover represents the net invoiced of goods sold, after allowances for returns and trade discounts and the value of services rendered.

	Nine months ended 31 December 2009		Three months ended 31 December 2009	
	(unaudited) HK\$’000	(unaudited) 2008 HK\$’000	(unaudited) HK\$’000	(unaudited) 2008 HK\$’000
Mobile payment gateway services	<u>34,154</u>	<u>39,379</u>	<u>10,641</u>	<u>13,677</u>
	<u>34,154</u>	<u>39,379</u>	<u>10,641</u>	<u>13,677</u>

4. 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.

	Nine months ended 31 December 2009		Three months ended 31 December 2009	
	(unaudited) HK\$’000	(unaudited) 2008 HK\$’000	(unaudited) HK\$’000	(unaudited) 2008 HK\$’000
Current tax	<u>1,661</u>	<u>6,405</u>	<u>450</u>	<u>2,313</u>
Deferred tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Tax charge for the period	<u>1,661</u>	<u>6,405</u>	<u>450</u>	<u>2,313</u>

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

5. Earnings per share

The calculation of basic earnings per share for the three months and nine months ended 31 December 2009 is based on the unaudited consolidated net profit from ordinary activities attributable to equity holders for the three months and nine months ended 31 December 2009 of approximately HK\$3,727,000 and approximately HK\$13,068,000 respectively (three months and nine months ended 31 December 2008: approximately HK\$5,373,000 and approximately HK\$11,718,000 respectively) and the weighted average number of 2,080,565,839 and 1,911,793,191 shares in issue (three months and nine months ended 31 December 2008: 1,566,375,508 and 1,433,673,154 shares).

Diluted earnings per share is 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 nine months ended 31 December 2009, the Company had three category of dilutive potential ordinary shares: share options, warrants and convertible bonds.

	Nine months ended 31 December 2009 (Unaudited) HK\$'000	Three months ended 31 December 2009 (Unaudited) HK\$'000
Profit used to determine diluted earnings per share	<u>13,068</u>	<u>3,727</u>
Weighted average number of ordinary shares in issue	1,911,793,191	2,080,565,839
Adjustments for assumed exercise of share options, warrants and convertible bonds	<u>36,952,491</u>	<u>42,124,149</u>
Weighted average number of ordinary shares of diluted earnings per share	<u>1,948,745,682</u>	<u>2,122,689,988</u>
	Nine months ended 31 December 2009	Three months ended 31 December 2009
Diluted earnings per share	<u>HK0.67 cents</u>	<u>HK0.18 cents</u>

	Nine months ended 31 December 2008 (Unaudited) HK\$'000	Three months ended 31 December 2008 (Unaudited) HK\$'000
Profit used to determine diluted earnings per share	<u>11,718</u>	<u>5,373</u>
Weighted average number of ordinary shares in issue	1,433,673,154	1,566,375,508
Adjustments for assumed exercise of share options	<u>44,437,488</u>	<u>44,437,488</u>
Weighted average number of ordinary shares of diluted earnings per share	<u>1,478,110,642</u>	<u>1,610,812,996</u>
	Nine months ended 31 December 2008	Three months ended 31 December 2008
Diluted earnings per share	<u>HK0.79 cents</u>	<u>HK0.33 cents</u>

6. Reserves

	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	179,624	6,015	2,314	443	3,736	1,340	-	(45,724)	147,748	6,850	154,598
Profit for the period	-	-	-	-	-	-	-	11,718	11,718	5,439	17,157
Exchange differences arising on translation	-	-	1,454	-	-	-	-	-	1,454	-	1,454
Total comprehensive income for the period	-	-	1,454	-	-	-	-	11,718	13,172	5,439	18,611
Issue of consideration shares	14,470	-	-	-	-	-	-	-	14,470	-	14,470
Issue of bonus shares	(13,053)	-	-	-	-	-	-	-	(13,053)	-	(13,053)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	450	450
At 31 December 2008	<u>181,041</u>	<u>6,015</u>	<u>3,768</u>	<u>443</u>	<u>3,736</u>	<u>1,340</u>	<u>-</u>	<u>(34,006)</u>	<u>162,337</u>	<u>12,739</u>	<u>175,076</u>
At 1 April 2009	181,041	6,015	3,216	443	6,008	1,340	(1,734)	(25,661)	170,668	16,088	186,756
Profit for the period	-	-	-	-	-	-	-	13,068	13,068	1,409	14,477
Exchange differences arising on translation	-	-	163	-	-	-	-	-	163	58	221
Total comprehensive income for the period	-	-	163	-	-	-	-	13,068	13,231	1,467	14,698
Issue of consideration shares	14,182	-	-	-	-	-	-	-	14,182	-	14,182
Exercise of share options	1,655	-	-	-	(608)	-	-	-	1,047	-	1,047
Issue of convertible notes	-	-	-	5,362	-	-	-	-	5,362	-	5,362
Conversion of convertible notes	21,373	-	-	(3,775)	-	-	-	-	17,598	-	17,598
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 31 December 2009	<u>37,210</u>	<u>145,126</u>	<u>3,379</u>	<u>2,030</u>	<u>5,400</u>	<u>2,090</u>	<u>(1,734)</u>	<u>29,337</u>	<u>222,838</u>	<u>(746)</u>	<u>222,092</u>

7. Dividends

The directors do not recommend the payment of any dividend for the nine months ended 31 December 2009 (nine months ended 31 December 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND PROSPECT

Financial review

The Group recorded a turnover and profit attributable to equity holders of approximately HK\$34,154,000 and approximately HK\$13,068,000 respectively for the nine months ended 31 December 2009 compared to approximately HK\$39,379,000 and approximately HK\$11,718,000 respectively for the previous corresponding period.

Operation review

During the period, the Board has been adopting progressive and pragmatic approach on development of the Near Field Communication (“NFC”) technology. With the full technical support from our Japanese partner, the customization of such web-based payment gateway and the related clearance system has been completed, fully tested to be operational by the Group and its business partner, a leading bank in the PRC.

The Group is experiencing slight delay on working out technical details with the associated partners before entering into contract with a major mobile operator in the PRC for integration of the NFC technology into its mobile network.

The Group is actively seeking suitable downstream applications. Through such vertical integrations, the Group believes that the NFC web-based payment gateway business will grow at an accelerated pace

Other than negotiations on co-operations with several prepaid/debit card issuers and payment collection companies in the PRC, the Group is also in active negotiation with a major motor corporation to incorporate the NFC technology into its membership system to develop a comprehensive cyber customer service centre/e-payment platform supported by the point of sale network in the PRC. At the same time, the Group has also started negotiation with a well known on-line travel booking internet portal in the PRC to develop its membership system into a cyber travel agent/e-payment platform with the incorporation of the NFC technology.

While the mobile payment gateway business in co-operation with China Unicom remains stable, the Group has completed the construction of the back-end infrastructure of the NFC web-based payment gateway business and such business is ready for launching. Being one of the forerunners in the NFC payment gateway business in the PRC, the Board is confident that the NFC business will be commenced shortly and will generate meaningful contribution to the Group.

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

As at 31 December 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)	3.24%
Hsu Tung Sheng	Beneficial	900,000(L)	0.04%
Yuan Shengjun	Beneficial	26,012,000(L)	1.25%
Chan Francis Ping Kuen	Beneficial	13,000,000(L)	0.62%
Chan Hin Wing, James	Beneficial	5,700,000(L)	0.27%

(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 [#]	0.18%
	11,000,000 [^]	0.53%
Hsu Tung Chi	3,840,000 [#]	0.18%
	11,000,000 [^]	0.53%
Yuan Shengjun	3,840,000 [#]	0.18%
	11,000,000 [^]	0.53%
Chan Hin Wing, James	3,840,000 [#]	0.18%
	5,300,000 [^]	0.25%
Chan Francis Ping Kuen	13,200,000 [*]	0.63%
	2,160,000 [#]	0.10%

* 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 31 December 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 31/12/2009
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	–	–	(5,700,000)	5,300,000
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	–	–	(13,000,000)	–
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>(18,700,000)</u>	<u>132,660,000</u>

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

As at 31 December 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)	25.73%
Lau Kim Hung, Jack (<i>Note 1</i>)	Interests in controlled corporation	537,354,000(L)	25.73%
	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)	26.26%
	Beneficial	1,200,000(L)	0.06%
Big Well Investments Limited (<i>Note 2</i>)	Beneficial owner	267,304,635(L)	12.80%
Chong Tin Lung (<i>Note 2</i>)	Interests in controlled corporation	267,304,635(L)	12.80%
Lo Yee Man (<i>Note 2</i>)	Deemed	267,304,635(L)	12.80%

(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.

Save as disclosed above, as at 31 December 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 or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

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

During the nine months ended 31 December 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 RIGHTS

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 31 December 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 31 December 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. Cheung Chi Hwa, Justin 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. Cheung Chi Hwa, Justin. The unaudited financial statements of the Group for the period ended 31 December 2009 have been reviewed by the Committee, which is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 9 February 2010

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. Cheung Chi Hwa, Justin.

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.