
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Palmpay China (Holdings) Limited (the “**Company**”), you should at once hand this circular to the purchaser or to the bank manager, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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PALMPAY CHINA (HOLDINGS) LIMITED

中國掌付(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8047)

**(1) PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED REFRESHMENT
OF SHARE OPTION SCHEME MANDATE LIMIT;
(3) RE-ELECTION OF DIRECTORS;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at Unit 1601, 16/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong on Thursday, 19 August 2010 at 10:30 a.m. is set out on pages 15 to 19 of this circular. Whether or not you are able to attend such meeting, please complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting 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 posting and the Company’s website at <http://www.palmpaychina.com>.

21 July 2010

* For identification purpose only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Unit 1601, 16/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong on Thursday, 19 August 2010 at 10:30 a.m., a notice of which is set out on pages 15 to 19 of this circular
“Authorisation”	the proposed authorisation to the Directors to apply the entire amount standing to the credit of the contributed surplus account of the Company in such manner as they consider appropriate, including but not limited to setting off the accumulated losses of the Company from time to time
“Board”	the board of Directors
“business days”	any day on which the Stock Exchange is open for transaction of business
“Bye-laws”	the bye-laws of the Company
“Company”	Palmpay China (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate proposed to be granted to the Directors at the Annual General Meeting to issue further new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution(s) granting such mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 July 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Notice”	the notice of the Annual General Meeting

DEFINITIONS

“Option(s)”	(a) right(s) granted to subscribe for Shares pursuant to the Share Option Scheme
“Participants”	(i) any employees (including, without limitation, executive Directors) of the Company and/or any of its subsidiaries; (ii) any non-executive directors (including, without limitation, independent non-executive directors) of the Company and/or any of its subsidiaries; and (iii) any consultant, supplier or customer of the Company and/or any of its subsidiaries
“Registrar”	Tricor Tengis Limited, Hong Kong branch share registrar and transfer office of the Company at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution(s) granting such mandate
“Repurchase Resolution”	the ordinary resolution to approve the Repurchase Mandate
“Scheme Mandate Limit”	the number of Shares which may be issued upon exercise of all Options of the Company which shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme or of the refreshment of such limit
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 18 October 2001
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.05 each in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



PALMPAY CHINA (HOLDINGS) LIMITED **中國掌付(集團)有限公司*** *(Incorporated in Bermuda with limited liability)* (Stock Code: 8047)

Executive Directors:

Mr. Hsu Tung Sheng (*Chairman*)
Mr. Chan Francis Ping Kuen (*Deputy chairman*)
Mr. Yuan Shengjun (*Chief executive officer*)
Mr. Chan Hin Wing, James
Mr. Hsu Tung Chi

Independent non-executive Directors:

Mr. Kwok Chi Sun, Vincent
Mr. Yeung Kam Yan
Mr. Cheung Chi Hwa, Justin

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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

Unit 1601
16/F., Ruttonjee House
Ruttonjee Centre
11 Duddell Street
Central
Hong Kong

21 July 2010

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED REFRESHMENT
OF SHARE OPTION SCHEME MANDATE LIMIT;
(3) RE-ELECTION OF DIRECTORS;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A. INTRODUCTION

The purpose of this circular is to provide you with information relating to resolutions to be proposed at the forthcoming Annual General Meeting to be held at Unit 1601, 16/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong on Thursday, 19 August 2010 at 10:30 a.m. including but not limited to (i) ordinary resolution(s) granting the Directors general mandates for the issue and repurchase of Shares; (ii) ordinary resolution(s) relating to the re-election of the retiring Directors; and (iii) ordinary resolution(s) relating to the approval of refreshment of the Scheme Mandate Limit.

* For identification purpose only

LETTER FROM THE BOARD

B. PROPOSED GENERAL MANDATES TO ALLOT AND ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 28 September 2009, Shareholders passed resolutions granting the Directors general mandates to allot and issue Shares and repurchase Shares in accordance with the GEM Listing Rules. As at the Latest Practicable Date, the general mandate has been utilised as to 414,000,000 Shares in association with the issue of 207,000,000 non-listed warrants of the Company and 207,000,000 Shares which was announced on 23 March 2010, represents approximately 99.76% of Shares which may be allotted and issued under the general mandate. Unless otherwise renewed, the existing mandates to issue and repurchase Shares will lapse at the conclusion of the forthcoming Annual General Meeting.

In order to ensure flexibility, when it is desirable, to allot and issue additional Shares or to repurchase Shares, the Directors will seek approval from the Shareholders to grant new general mandates to issue and repurchase Shares at the forthcoming Annual General Meeting.

At the Annual General Meeting, ordinary resolutions will be proposed such that the Directors be given (i) an unconditional general mandate to allot, issue and deal with unissued Shares or underlying Shares (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Bye-laws) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the issued Shares as at the date of granting of the General Mandate; and (ii) an unconditional general mandate to repurchase Shares on the Stock Exchange, of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued Shares as at the date of granting of the Repurchase Mandate.

The General Mandate and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or (iii) the revocation or variation of the General Mandate or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

As at the Latest Practicable Date, total number of the issued Shares were 2,686,239,143 Shares. Assuming there are no Shares being repurchased or issued before the date of the Annual General Meeting, the maximum number of Shares which may be allotted and issued under the General Mandate to be refreshed at the Annual General Meeting will be 537,247,828 Shares and the maximum number of Shares which may be repurchased under the Repurchase Mandate at the Annual General Meeting will be 268,623,914.

LETTER FROM THE BOARD

C. EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the Repurchase Mandate required to be given pursuant to the GEM Listing Rules, in particular Rule 13.08 of the GEM Listing Rules, is set out in Appendix I to this circular. The insertion of the explanatory statement is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions relating to the Repurchase Mandate.

D. DIRECTORS PROPOSED TO BE RE-ELECTED

In accordance with the Bye-law of the Company and the Appendix 15 of the GEM Listing Rules, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Cheung Chi Hwa, Justin will retire and, being eligible, offer themselves for re-election at the Annual General Meeting. Details of the Directors proposed to be re-elected are set out in Appendix II to this circular.

E. PROPOSED REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT

The Company adopted the Share Option Scheme by way of written resolution of the Shareholders on 18 October 2001. Under the rules of the Share Option Scheme:

- (i) the number of Shares subject to Options that may be granted shall not exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme;
- (ii) the Company may seek Shareholders' approval to refresh the Scheme Mandate Limit. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. A circular must be sent to Shareholders in connection with the meeting at which their approval will be sought;
- (iii) the Company may seek separate approval from the Shareholders in general meeting to grant Options beyond the Scheme Mandate Limit to participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought; and
- (iv) the overall limit on the number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other option scheme of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

LETTER FROM THE BOARD

Under existing Scheme Mandate Limit, the Directors are authorised to grant Options to subscribe for up to 207,490,714 Shares under the Share Option Scheme. As at the Latest Practicable Date, the said Scheme Mandate Limit remained unutilised.

The Directors consider that the refreshment of the Scheme Mandate Limit will allow the Company to have more flexibility to provide incentives to Participants by way of granting Options to them. If the refreshment of the existing Scheme Mandate Limit was approved at the Annual General Meeting, based on 2,686,239,143 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and/or repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the existing Scheme Mandate Limit will be refreshed allowing the Directors to grant Options up to a total of 268,623,914 Shares, representing 10% of the issued share capital of the Company as at the date of the Annual General Meeting.

The proposed refreshment of the Scheme Mandate Limit will be conditional upon the GEM Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, such number of Shares, representing 10% of the Shares in issue as at the date of the Annual General Meeting, which may fall to be allotted and issued pursuant to the exercise of Options granted under the refreshed Scheme Mandate Limit.

An ordinary resolution will be proposed at the Annual General Meeting to refresh the Scheme Mandate Limit so that the total number of Shares which may be issued upon exercise of all Options to be granted under Share Option Scheme and any other scheme(s) of the Company should not exceed 10% of the Shares in issue as at the date of passing of the resolution refreshing the existing Scheme Mandate Limit.

F. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of the Company to be held at Unit 1601, 16/F., Ruttonjee Centre, Ruttonjee House, 11 Duddell Street, Central, Hong Kong on Thursday, 19 August 2010 at 10:30 a.m. is set out on pages 15 to 19 of this circular.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting in person, please complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, all the resolutions proposed to be approved at a general meeting must be taken by poll. An announcement will be made by the Company after the Annual General Meeting on the result of the Annual General Meeting.

LETTER FROM THE BOARD

G. SHAREHOLDERS ABSTAIN FROM VOTING

There is no Shareholder that is materially interested in the proposed resolutions and therefore none of the Shareholders will be required to abstain from voting in respect of the proposed resolutions at the Annual General Meeting.

H. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

I. RECOMMENDATION

The Directors believe that the general mandate to issue Shares, the refreshment of Scheme Mandate Limit, general mandate to repurchase Shares (for the sake of enhancing the net asset value per share and/or earnings per share) and the re-election of Directors are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders to vote in favour of relevant resolutions to be proposed at the Annual General Meeting.

J. FURTHER INFORMATION

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

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

This appendix serves as an explanatory statement, as required pursuant to Rule 13.08 of the GEM Listing Rules, to provide information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchases of Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the Repurchase Resolution.

The Repurchase Mandate

The Repurchase Resolution to be proposed at the Annual General Meeting relates to the grant of a general and unconditional mandate to the Directors to repurchase Shares on GEM, provided that the number of Shares which the Company is authorized to purchase on GEM or on another stock exchange recognised for this purpose by the SFC and the Stock Exchange, may not exceed 10% of the issued share capital of the Company and the total number of warrants to subscribe for or purchase Shares (or other relevant class of securities) authorized to be so purchased may not exceed 10% of the warrants of the company (or such other relevant class of securities, as the case may be), in each case as at the date of the resolution granting the Repurchase Resolution.

The Repurchase Mandate will continue to be in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held or the Repurchase Mandate is revoked or varied by an ordinary resolution passed in a general meeting by the Shareholders, whichever is the earliest.

Reasons for Share Repurchase

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the relevant time, lead to an enhancement of the net asset value of the Company and/or earnings per Share.

Share Capital

As at the Latest Practicable Date, the Company has in issue an aggregate of 2,686,239,143 Shares which are fully paid.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that there are no Shares being issued and/or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase Shares of up to a maximum of 268,623,914 Shares equivalent to 10% of the issued share capital of the Company. The Shares repurchased by the Company shall, subject to applicable laws, be automatically cancelled upon such repurchase.

Funding of Repurchases

In repurchasing Shares, the Company may only apply its internal resources legally available for such purpose in accordance with the memorandum of association of the Company, the Bye-laws, the GEM Listing Rules and the applicable laws and regulations of Bermuda.

The Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts for the year ended 31 March 2010) in the event that the proposed repurchases pursuant to the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

Share Prices

The highest and lowest prices at which Shares have been traded on GEM during each of the previous twelve months preceding the Latest Practicable Date are as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2009		
July	0.186	0.150
August	0.160	0.125
September	0.155	0.134
October	0.189	0.130
November	0.180	0.154
December	0.163	0.135
2010		
January	0.163	0.131
February	0.158	0.131
March	0.380	0.145
April	0.420	0.230
May	0.280	0.205
June	0.295	0.180
July (up to and including the Latest Practicable Date)	0.198	0.152

Shares Repurchases made by the Company

The Company has not repurchased its own Shares (whether on GEM or otherwise) in the previous six months prior to the Latest Practicable Date.

Directors' Undertaking

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares under the Repurchase Mandate in accordance with the GEM Listing Rules and the laws of Bermuda and in accordance with the regulations set out in the Bye-laws.

Effect of the Takeovers Code

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and to the best of the knowledge and belief of the Directors, the following persons had interests in the Shares representing 10% or more of the voting power at any general meeting of the Company:

Name	Nature of interests	Number of the shares held	Approximate percentage of issued share capital	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Starryland Profits Limited (Note 1)	Beneficial	617,261,706(L)	22.98%	25.53%
Lau Kim Hung, Jack (Note 1)	Interests in controlled corporation	617,261,706(L)	22.98%	25.53%
	Beneficial	11,208,000(L)	0.42%	0.46%
	Deemed	1,200,000(L)	0.04%	0.05%
Chan Yiu Kan, Katie (Note 1)	Deemed	628,469,706(L)	23.40%	26.00%
	Beneficial	1,200,000(L)	0.04%	0.05%

(L) denotes Long position

Notes:

1. Starryland Profits Limited, a company incorporated in BVI, is wholly and beneficially owned by Mr. Lau Kim Hung, Jack. Mr. Lau Kim Hung, Jack is deemed to be interested in 617,261,706 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 Kim Hung, Jack, is deemed to be interested in 617,261,706 Shares held by Starryland Profits Limited and 11,208,000 Shares held by Mr. Lau Kim Hung, Jack.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above Shareholders would be increased to approximately the respective percentages shown in the last column above. The Directors are not aware of such increase would give rise to an obligation for it to make a general offer for the Shares under Rules 26 and 32 of the Takeovers Code. As at the Latest Practicable Date, none of the shareholders or a group of shareholders acting in concert (within the meaning under the Code), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than the prescribed minimum percentage of 25% of the Shares being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed minimum percentage.

Directors' Dealings

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their associates presently intends to sell any Shares to the Company under the Repurchase Mandate in the event that the Repurchase Resolution is passed by the Shareholders at the Annual General Meeting.

Connected Persons

The Company has not been notified by any connected persons (as defined in the GEM Listing Rules) of the Company that they have a present intention to sell any Shares to the Company or its subsidiaries, nor have they undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Resolution is passed by the Shareholders at the Annual General Meeting.

Set out below are details of the Directors who will be proposed to retire by rotation and be re-elected at the Annual General Meeting pursuant to the Bye-laws:

1. Mr. Kwok Chi Sun, Vincent

Mr. Kwok Chi Sun, Vincent (“**Mr. Kwok**”), aged 47, who was also appointed as an audit committee member, is the sole proprietor of Vincent Kwok & Co. and is a Certified Public Accountant. He is also an independent nonexecutive director of five other listed companies in Hong Kong, i.e. Shun Ho Resources Holdings Limited, Shun Ho Technology Holdings Limited, Magnificent Estates Limited, Emperor Capital Group Limited and China Digital Licensing (Group) Limited, the former four named companies are listed on main board of the Stock Exchange while the last named company is listed on GEM. Save as disclosed above, Mr. Kwok did not hold any directorship in any other listed public companies in the last three years before his appointment as an independent nonexecutive Director.

Save for being 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).

Interests in Shares

As at the Latest Practicable Date, Mr. Kwok does not have any interests in the Shares and underlying Shares within the meaning of Part XV of SFO.

Remuneration

Mr. Kwok has entered into a letter of appointment with the Company for a term of one year from 16 August 2005, which will continue thereafter until terminated by either party giving not less than one month’s notice in writing. Mr. Kwok is entitled to HK\$60,000 fixed annual directors’ fee and is not entitled to bonus, which was determined with reference to Mr. Kwok’s qualification and the then market conditions.

2. Mr. Yeung Kam Yan

Mr. Yeung Kam Yan (“**Mr. Yeung**”), aged 57, who was also appointed as an audit committee member, is a member of the Air & Waste Management Association-Hong Kong Section. Mr. Yeung has over 8 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 also operated his own trading and investment business in the PRC from 1990 to 1998. Mr. Yeung was also previously an executive director of Hua Xia Healthcare Holding Limited, a company listed on GEM. Save as disclosed above, Mr. Yeung did not hold any directorship in any other listed public companies in the last three years before his appointment as an independent nonexecutive Director.

Save for being 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).

Interests in Shares

As at the Latest Practicable Date, Mr. Yeung does not have any interests in the securities of the Company within the meaning of Part XV of SFO.

Remuneration

Mr. Yeung has entered into a letter of appointment with the Company for a term of one year from 16 August 2005, which will continue thereafter until terminated by either party giving not less than one month's notice in writing. Mr. Yeung is entitled to HK\$60,000 fixed annual directors' fee and is not entitled to bonus, which was determined with reference to Mr. Yeung's qualification and the then market conditions.

3. Mr. Cheung Chi Hwa, Justin

Mr. Cheung Chi Hwa ("**Mr. Cheung**"), aged 56, who was also appointed as an audit committee member, holds a bachelor degree of laws from the Manchester Metropolitan University in the United Kingdom, a master degree of laws from University of London in the United Kingdom and a master of business administration degree from California State University in the United States. Mr. Cheung is a member of the American Institute of Certified Public Accountants and has over 20 years of banking, accounting and company secretarial experiences. Mr. Cheung was previously an executive director of Ming Kei (Holdings) Limited (Stock code: 8239, formerly known as Ming Kei Energy Holdings Limited) and an independent non-executive director of Richfield Group Holdings Limited (Stock code: 8136, formerly known as Maxitech International Holdings Limited and FX Creations International Holdings Limited) respectively. The two companies are listed on the GEM. Save as disclosed above, Mr. Cheung did not hold any directorship in any other listed public companies in the last three years before his appointment as an independent nonexecutive Director.

Save for being an independent non-executive Director, Mr. Cheung 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).

Interests in Shares

As at the Latest Practicable Date, Mr. Cheung does not have any interests in the securities of the Company within the meaning of Part XV of SFO.

Remuneration

Mr. Cheung has entered into a letter of appointment with the Company for a term of one year from 15 January 2010, which will continue thereafter until terminated by either party giving not less than one month's notice in writing. Mr. Cheung is entitled to HK\$60,000 fixed annual directors' fee and is not entitled to bonus, which was determined with reference to Mr. Cheung's qualification and the then market conditions.

NOTICE OF ANNUAL GENERAL MEETING



PALMPAY CHINA (HOLDINGS) LIMITED **中國掌付(集團)有限公司*** (Incorporated in Bermuda with limited liability) (Stock Code: 8047)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Palmpay China (Holdings) Limited (the “**Company**”) will be held at Unit 1601, 16/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong on Thursday, 19 August 2010 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors (the “**Directors**”) and auditors of the Company and its subsidiaries for the year ended 31 March 2010;
2. (i) To re-elect the retiring Directors namely:
 - (a) Mr. Kwok Chi Sun, Vincent
 - (b) Mr. Yeung Kam Yan
 - (c) Mr. Cheung Chi Hwa, Justin
- (ii) To authorise the board of Directors (the “**Board**”) to fix their remuneration;
3. To re-appoint Mazars CPA. Limited as the auditors of Company and authorise the Board to fix their remuneration;

and, as special business, to consider and, if thought fit, to pass with or without amendments, the following proposed resolutions numbered 4 to 7 as ordinary resolutions of the Company:

Ordinary Resolutions

4. “**THAT**
 - (i) subject to paragraph (iii) of this resolution, and pursuant to the GEM Listing Rules, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares (“**Shares**”) in the capital of the Company and to make or grant offers, agreements and options (including bonds, notes, warrants, debentures and securities convertible into Shares) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (i) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as defined below); or (b) the exercise of options granted under any ordinary share option scheme adopted by the Company; or (c) an issue of Shares in lieu of whole or part of a dividend on Shares in accordance with the Bye-laws; or (d) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (a) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution; and
 - (b) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company (the “**Shareholders**”)) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution).

and the authority pursuant to paragraph (i) of this resolution shall be limited accordingly; and

- (iv) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or the Company Act 1981 of Bermuda (as amended) or any applicable laws of Bermuda to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by the passing of an ordinary resolution by Shareholders in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to overseas Shareholders or fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. **“THAT**

- (i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase Shares on GEM or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, subject to and in connection with all applicable laws and/or the requirements of the GEM Listing Rules or of any other stock exchange as amended from time to time, be and the same is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (i) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and this approval shall be limited accordingly; and
- (iii) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or the Company Act 1981 of Bermuda (as amended) or any applicable laws to be held; and
- (c) the date on which the authority sets out for this resolution is revoked or varied by the passing of an ordinary resolution by Shareholders in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon ordinary resolutions numbered 4 and 5 above being passed, the aggregate nominal amount of Shares which are repurchased by the Company under the authority granted to the Directors as mentioned in ordinary resolution numbered 5 above shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to ordinary resolution numbered 4 above.”
7. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares which may fall to be allotted and issued pursuant to the exercise of options which may be granted under the refreshed scheme mandate limit (the “**Scheme Mandate Limit**”) pursuant to this resolution under the share option scheme of the Company adopted on 18 October 2001 (the “**Share Option Scheme**”) and any other scheme(s) of the Company, representing 10 per cent. of the issued share capital of the Company as at the date on which this resolution is passed:
- (i) approval be and is hereby granted for refreshing the Scheme Mandate Limit of up to 10 per cent. of the Shares in issue as at the date on which this resolution is passed; and
 - (ii) the Directors be and are hereby authorised, at their absolute discretion, (i) to grant options to subscribe for Shares within the refreshed Scheme Mandate Limit in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme within the refreshed Scheme Mandate Limit.”

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

Hong Kong, 21 July 2010

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal
place of business in Hong Kong:*
Unit 1601,
16/F.,
Ruttonjee House
Ruttonjee Centre
11 Duddell Street
Central
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his/her/its proxy to attend and, on a poll, vote instead of him/her/it. A proxy need not be a member of the Company.
- (ii) In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time appointed for holding the meeting or any adjourned meeting.
- (iii) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.