

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PALMPAY CHINA (HOLDINGS) LIMITED

中國掌付(集團)有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8047)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“**Special 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 Friday, 28 January 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following special resolution:

SPECIAL RESOLUTION

1. “**THAT**, conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below) and New Shares falling to be issued upon exercise of the conversion rights attaching to the Share Options and the Warrants; (ii) compliance by the Company with the requirements of section 46(2) of the Companies Act 1981 of Bermuda (as amended) to effect the Capital Reduction (as defined below), with effect from 9:30 a.m. on the business day (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) next following the day on which this resolution is passed by the shareholders of the Company (the “**Shareholders**”):
 - (a) every five (5) existing Shares of HK\$0.05 each in the issued share capital of the Company shall be consolidated into one (1) consolidated share of HK\$0.25 each (“**Consolidated Share**”) in the issued share capital of the Company (“**Share Consolidation**”);
 - (b) immediately following the Share Consolidation, the issued share capital of the Company shall be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.20 on each of the issued Consolidated Shares so that the nominal value of each issued Consolidated Share shall be reduced from HK\$0.25 to HK\$0.05 so as to form a new share with nominal value of HK\$0.05 each (“**New Share**”) (the aforesaid capital reduction to be referred to as the “**Capital Reduction**”);

* For identification purposes only

- (c) the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company and the Directors be and are hereby authorised 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 against the accumulated losses of the Company from time to time (“**Authorisation**”); and
- (d) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Share Consolidation, the Capital Reduction and the Authorisation.”

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

Hong Kong, 5 January 2011

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

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use of the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a 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 at the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. In the case of joint holders of Shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

As at the date of this announcement, the executive Directors are Mr. Yuan Shengjun, Mr. Hsu Tung Chi, Mr. Chan Francis Ping Kuen and Mr. Chan Hin Wing, James. 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 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 the information contained in this announcement 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 herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its posting and the Company's website at www.palmpaychina.com.