
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Palmpay China (Holdings) Limited (“**Company**”), you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer 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)

AMENDMENT TO THE SHARE OPTION SCHEME

A notice convening the special general meeting (the “SGM”) of the Company to be held at 11:00 a.m. on Wednesday, 8 June 2011 at Unit 1601, Ruttonjee House, Ruttonjee Center, 11 Duddell Street, Central, Hong Kong is set out on pages 5 to 6 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the SGM to the office of the Company’s branch registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM in person should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and on the website of the Company at www.palmpaychina.com.

23 May 2011

* For identification purposes 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 have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company from time to time
“Company”	Palmpay China (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on GEM
“Directors”	the directors of the Company from time to time
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Latest Practicable Date”	19 May 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the amendment of the Share Option Scheme
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 18 October 2001
“Shares”	existing shares of HK\$0.05 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

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. Yuan Shengjun (*Chairman and chief executive officer*)

Mr. Chan Francis Ping Kuen (*Deputy chairman*)

Mr. Chan Hin Wing, James

Mr. Hsu Tung Chi

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent non-executive Directors:

Mr. Kwok Chi Sun, Vincent

Mr. Yeung Kam Yan

Mr. Cheung Chi Hwa, Justin

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

Unit 1601

16/F., Ruttonjee House

Ruttonjee Centre

11 Duddell Street

Central

Hong Kong

23 May 2011

To the Shareholders

Dear Sir or Madam,

AMENDMENT TO THE SHARE OPTION SCHEME

INTRODUCTION

The Company adopted the Share Option Scheme pursuant to a shareholders' resolution passed on 18 October 2001.

The Board proposes to make amendment to the Share Option Scheme by adding a cancellation clause to comply with the Rules 23.03(14) of the GEM Listing Rules, as follows:

* *For identification purposes only*

LETTER FROM THE BOARD

Cancellation Clause

The cancellation clause 6.6 to be incorporated to the Share Option Scheme:

“Any cancellation of any option which has been duly granted in accordance with the Share Option Scheme and has neither lapsed nor been exercised in full shall be conditional upon the approval of the Board and the Grantee concerned.”

In accordance with the terms of the Share Option Scheme, the amendment to the Share Option Scheme is subject to the approval of the Shareholders by way of ordinary resolution to be proposed at the SGM.

Copies of the Share Option Scheme and the draft Share Option Scheme incorporating the proposed amendment are available for inspection at the principal place of business of the Company at Unit 1601, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the SGM.

The Company has no current intention to cancel the outstanding share options. The Directors will consider the following factors in relation to the cancellation of the outstanding share options as and when appropriate:

1. the exercise price of outstanding share options;
2. the number of outstanding share options;
3. the market price of Share;
4. the exercise period of the outstanding share options;
5. the duration of the outstanding share options having been out of the money; and
6. the intention of share option holders.

SGM

The SGM will be held at 11:00 a.m. on Wednesday, 8 June 2011 at Unit 1601, Ruttonjee House, Ruttonjee Center, 11 Duddell Street, Central, Hong Kong, the notice of which is set out on pages 5 to 6 of this circular, for the Shareholders to consider and, if thought fit, to approve the proposed amendment to the Share Option Scheme.

In compliance with the GEM Listing Rules, all resolutions will be voted on by way of a poll at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the ordinary resolution to be proposed at the SGM.

LETTER FROM THE BOARD

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

RECOMMENDATION

The Directors consider that the amendment to the Share Option Scheme is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the ordinary resolution set out in the notice of the SGM.

By order of the Board of
Palmpay China (Holdings) Limited
Mr. Yuan Shengjun
Chairman

NOTICE OF SGM



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 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 Wednesday, 8 June 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT** the share option scheme of the Company adopted on 18 October 2001 be and are hereby amended by adding a cancellation clause 6.6 in the following manner:

Any cancellation of any option which has been duly granted in accordance with the Share Option Scheme and has neither lapsed nor been exercised in full shall be conditional upon the approval of the Board and the Grantee concerned.”

By order of the Board of
Palmpay China (Holdings) Limited
Mr. Yuan Shengjun
Executive Director

Hong Kong, 23 May 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

* *For identification purposes only*

NOTICE OF SGM

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.