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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)

### **PROPOSED SHARE PREMIUM REDUCTION**

The Board announces that the Company proposes to effect the Share Premium Reduction. Upon the Share Premium Reduction becoming effective, all the accumulated losses of the Company as at 31 March 2009 will be eliminated.

In the coming AGM, a special resolution will be proposed for the Shareholders to consider and, if thought fit, to approve the Share Premium Reduction and the Authorisation.

A circular containing, among other matters, information in relation to the Share Premium Reduction, together with a notice of the AGM, will be despatched to the Shareholders as soon as practicable.

### **PROPOSED SHARE PREMIUM REDUCTION**

#### **The Share Premium Reduction**

The Board announces that the Company proposes to effect the Share Premium Reduction.

Based on the audited accounts of the Company as at 31 March 2009, the amount standing to the credit of the Share Premium Account was HK\$181,040,582 and the amount of accumulated losses was HK\$41,931,141.

Pursuant to the Share Premium Reduction, it is proposed that the entire amount standing to the Share Premium Account as at 31 March 2009 be cancelled, with part of the credit arising therefrom to be applied towards elimination of the accumulated losses of the Company as at 31 March 2009 and the remaining balance in the amount of HK\$139,109,441 to be credited to the contributed surplus account of the Company. Upon the Share Premium Reduction becoming effective, all the accumulated losses of the Company as at 31 March 2009 will be eliminated.

\* *for identification purpose only*

Under Bermuda law, the contributed surplus is a distributable reserve and the Company may apply the contributed surplus in any manner not prohibited by the Companies Act of Bermuda and the Bye-laws.

The Board also proposes to put forward to the Shareholders to approve the Authorisation, i.e. to authorise 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.

### **Reasons for the Share Premium Reduction**

The Board believes that the Share Premium Reduction is beneficial to the Company and the Shareholders as a whole as part of the credit arising therefrom will be applied towards elimination of all the accumulated losses of the Company and the remaining will be credited to the contributed surplus account of the Company which will enable the Company to make distribution to the Shareholders at an earlier opportunity in the future.

### **Effect of the Share Premium Reduction**

Implementation of the Share Premium Reduction will not, in itself, affect the underlying assets, liabilities, business operations, management or financial position of the Company, other than related expenses incurred which are immaterial.

### **Conditions of the Share Premium Reduction**

The Share Premium Reduction is conditional upon, inter alia, the following being fulfilled:

1. the passing by the Shareholders at the AGM of the necessary resolution(s) to approve the Share Premium Reduction and the transactions contemplated thereunder and the Authorisation;
2. compliance with Section 46(2) of the Companies Act 1981 of Bermuda, including publication of a notice of the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and
3. on the Effective Date, there is no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as may become due.

In the coming AGM, a special resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Share Premium Reduction. To the Directors' best knowledge, information and belief, no Shareholders have a material interest in the Share Premium Reduction and no Shareholders are required to abstain from voting at the relevant resolution approving the Share Premium Reduction and the transaction contemplated thereunder, at the AGM.

## **Expected effective date of the Share Premium Reduction**

Assuming all the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective on the next business day immediately following the date of passing the relevant special resolution approving the Share Premium Reduction and the transaction contemplated thereunder.

## **GENERAL**

A circular containing, among other matters, information in relation to the Share Premium Reduction, together with a notice of the AGM, will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

|                  |   |
|------------------|---|
| “AGM”            | the annual general meeting of the Company to be convened and held to consider and, if thought fit, to approve the Share Premium Reduction and the Authorisation   |
| “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 day”   | any day on which the Stock Exchange is open for transaction of business   |
| “Bye-laws”       | the bye-laws of the Company, as amended from time to time   |
| “Company”        | Palmpay China Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange  |
| “Director(s)”    | director(s) of the Company  |
| “Effective Date” | the date on which the Share Premium Reduction shall become effective, being the next business day immediately following the date of the AGM at which the relevant special resolution approving the Share Premium Reduction to be considered and approved by the Shareholders                  |

|                           |  |
|---------------------------|--|
| “GEM”                     | the Growth Enterprises Market of the Stock Exchange  |
| “GEM Listing Rules”       | the Rules Governing the Listing of Securities on GEM   |
| “Hong Kong”               | Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Share(s)”                | ordinary share(s) of HK\$0.05 each in the share capital of the Company   |
| “Shareholder(s)”          | holder(s) of the Share(s) for the time being   |
| “Share Premium Account”   | the share premium account of the Company   |
| “Share Premium Reduction” | the proposed cancellation of the entire amount standing to the credit of the Share Premium Account and applying part of the credit arising therefrom towards elimination of all the accumulated losses of the Company as at 31 March 2009 and the remaining being credited to the contributed surplus account of the Company |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “HK\$”                    | Hong Kong Dollars, the lawful currency of Hong Kong  |

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

Hong Kong, 15 July 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](http://www.hkgem.com) for at least 7 days from the date of its posting and the Company’s website at [www.palmpaychina.com](http://www.palmpaychina.com).*