

To: Business Editors

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PALMPAY'S QUARTERLY NET PROFIT SURGED BY 32% TO HK\$5.15 MILLION

Mobile payment gateway provider Palmpay China (Holdings) Limited ("Palmpay China" or the "Company", together with its subsidiaries, the "Group"; stock code: 8047) reported unaudited consolidated turnover for the three months ended 30 June 2009 of HK\$13,118,000 as compared to HK\$13,077,000 of the same period in 2008. Profit attributable to equity holders of the Company surged by 32 per cent from that of the same period last year to HK\$5,148,000. Basic earnings per share were approximately HK0.32 cents (2008: approximately HK0.30 cents).

During the period, the Group exercised effective cost control, leading to an increase in gross margin from approximately 86% of the previous corresponding period to approximately 89% in the period under review.

"The entire telecommunications industry has been focusing on the development of 3G. With the rapidly increasing adoption of 3G in the PRC, the demand for mobile payment gateway for downloading 3G contents, i.e. music entertainment contents and others, will be high," said Mr Sean Hsu Tung Sheng, Chairman and Executive Director of Palmpay China.

In an effort to enhance the existing payment gateway platform for the upcoming 3G age, the Group has developed a web-based payment gateway based on the Near Field Communication Technology ("NFC"), which is already widely adopted globally and will also become one of the most important payment tools in the very near future in the PRC. Testing of the web-based payment gateway platform has been completed and the trial run is expected to complete next month. The platform will be in full operation in the last quarter of 2009.

The Group is in the process of finalising with its web-based payment gateway strategic partners in the PRC, including a leading commercial bank which has developed the largest Internet banking platform in the PRC, and two telecommunication providers for the development of web-based payment gateway platform.

In addition to launching the NFC web-based payment gateway platform through banks with premium customers as the prime targets, the Group is in the final stage of negotiation on cooperation with a leading payment collection (utilities and other household bills) company with over 1,000 convenient stores in two provinces in the PRC.

“We intend to develop the payment system of the payment collection company into a NFC web-based payment gateway platform and believe that such co-operation will serve as a stepping stone for the Group to develop the Group’s NFC web-based payment gateway platform into the mass payment gateway market in order to create synergies with and further develop our payment gateway business,” Mr Hsu added.

About Palmpay China

Palmpay China is principally engaged in the provision of mobile payment gateway in the PRC. The Group is authorised by China Unicom (中國聯通), on an exclusive basis, for the provision of the Company’s mobile payment gateway system to the subscribers of China Unicom (中國聯通) in the PRC through which a variety of virtual and service products, including the IP Cards of China Unicom (中國聯通), virtual game cards of Baidu (百度) and Shanda (盛大), accident insurance products of PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司) could be purchased by the subscribers of China Unicom (中國聯通) through mobile phone.

The Group has already penetrated its mobile payment gateway business into 15 major provinces and municipal cities in the PRC covering Shanghai (上海), Liaoning (遼寧), Chongqing (重慶), Jilin (吉林), Guangxi (廣西), Hunan (湖南), Hubei (湖北), Heilongjiang (黑龍江), Shaanxi (陝西), Guizhou (貴州), Gansu (甘肅) and Inner Mongolia (內蒙), Yunnan (雲南) and Xinjiang (新疆) and Sichuan (四川); of which, Shanghai (上海), Liaoning (遼寧), Jilin (吉林), Guangxi (廣西), Guizhou (貴州), Hubei (湖北) and Shaanxi (陝西) have been in full operation.

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Palmpay China (Holdings) Limited
(Stock Code: 8047)
Unaudited Consolidated Income Statement
For The Three Months Ended 30 June 2009

| | For the three months ended | |
|----------------------------------|----------------------------|---------------------|
| | 30 June 2009 | 30 June 2008 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Turnover | 13,118 | 13,077 |
| Cost of sales | <u>(1,383)</u> | <u>(1,820)</u> |
| Gross profit | 11,735 | 11,257 |
| Other revenue | 176 | 48 |
| Distribution costs | (826) | (1,517) |
| Administrative expenses | <u>(3,111)</u> | <u>(2,448)</u> |
| Profit from operating activities | 7,974 | 7,340 |
| Finance costs | <u>(37)</u> | <u>(35)</u> |
| Profit before income tax | 7,937 | 7,305 |
| Income tax | <u>(677)</u> | <u>(2,076)</u> |
| Profit for the period | <u><u>7,260</u></u> | <u><u>5,229</u></u> |
| Attributable to: | | |
| Equity holders of the Company | 5,148 | 3,902 |
| Minority interests | <u>2,112</u> | <u>1,327</u> |
| Dividends | <u><u>--</u></u> | <u><u>--</u></u> |
| Earnings per share | | |
| - Basic (cent) | <u><u>0.32</u></u> | <u><u>0.30</u></u> |
| - Diluted (cent) | <u><u>0.31</u></u> | <u><u>N/A</u></u> |