

To: Business Editors

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## **PALMPAY CHINA CONSOLIDATES ITS PRC MARKET POSITION THROUGH ACQUISITION OF THE REMAINING 25 PER CENT OF THE MOBILE PAYMENT GATEWAY BUSINESS**

Palmpay China (Holdings) Limited (“Palmpay China” or the “Company”, together with its subsidiaries, the “Group”; stock code: 8047) through its wholly-owned subsidiary, Upper Power Limited (“Upper Power”), entered into a sale and purchase agreement (the “Agreement”) to acquire the remaining 25 per cent equity interests of the mobile payment gateway business (the “Acquisition”).

The total consideration of the Acquisition is HK\$82,335,000. The consideration will be settled in cash of HK\$7 million to be financed by internal resources of the Group and through Palmpay China’s issue of 236,363,636 consideration shares in the amount of HK\$26 million and convertible bonds in the amount of HK\$49,335,000.

By acquiring all the outstanding equity interests of the mobile payment gateway business, the management of the Company believes that Palmpay China can benefit from consolidating all the profits derived from mobile payment gateway business, while taking into account the significant growth of mobile payment gateway business.

“With the growing mobile phone market in the PRC, we are optimistic about the growth potential and prospects of the mobile payment gateway business and believe that the Acquisition is in the interests of the Company and shareholders in the long run,” said Mr Sean Hsu Tung Sheng, Executive Director and chief executive officer of Palmpay China.

“In an effort to establish a complete payment gateway solution in the PRC, the Group is developing another advanced form of payment gateway based on the Near Field Communication Technology (“NFC”). The Group has entered into a letter of intent with China Unicom (中國聯通) in February 2009 in relation to the development of NFC technology payment gateway business in the PRC and firstly in Shanghai. The Group is in final negotiation stage with a leading commercial bank in the PRC and a global financial institution specialising in issuance of credit card for the introduction and operation of such NFC payment gateway in the PRC on a nation-wide basis. The new NFC payment gateway will serve as an e-payment gateway and will compliment the mobile payment gateway business of the Group and consolidate the Group’s leading position in the payment gateway industry in the PRC. The Board is optimistic that the Group will achieve good performance in the medium to long term,” 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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