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## **PALMPAY CHINA FORGES STRATEGIC COOPERATION THROUGH ACQUISITION OF iPEER MULTIMEDIA SHARES**

Palmpay China (Holdings) Limited (“Palmpay China” or the “Company”, stock code: 8047) recently announced that the Company’s acquisition, through issue of new shares, of approximately 1.77 per cent shareholding of iPeer Multimedia International Limited (“iPeer Multimedia”), a major online music service provider in Taiwan and the PRC, to establish strategic cooperation and to explore the mobile entertainment market in the PRC.

Palmpay China will purchase 2,000,000 iPeer Multimedia shares at a price of US\$1.00 per iPeer share, and the total consideration is US\$2,000,000, which will be settled by the allotment and issue of 22,967,646 Palmpay China new shares, at HK\$0.68 per share, to one of the shareholders of iPeer Multimedia, Magic Way Holdings Limited. Upon the completion of this transaction and together with a previous transaction, Palmpay China would hold approximately 3.05 per cent shareholding in iPeer Multimedia.

Palmpay China aims at establishing a nation-wide mobile network which provides diversified products and the related information, Virtual Cyber Market, as well as a mobile payment gateway, which is independent from credit card and banking systems, simplifies the logistic process by conducting and completing the transactions instantly through mobile phones. This payment gateway can help to solve the problems encountered by e-business (including internet, mobile phones and fixed network) in the PRC. Through the acquisition of iPeer Shares, the Company will have the business opportunity to take part in the audio and other digital content industries in the PRC which offers an enormous potential and also widen the revenue base of the Company.

iPeer Group begins its business as an online music provider in Taiwan in 2006. It gradually evolves to become a total solution provider for digital content industry by expanding into the digital music market in the PRC, as a leading online legitimate music provider under the brand name “Kuro.cn” (酷樂) in late 2007. iPeer Multimedia succeeded in developing a unique business model to provide legitimate digital music to end-users in the PRC by cooperating with leading device manufacturers in the PRC, international label companies, sales channels and payment platform providers and aims at becoming a superior integrated digital entertainment service provider in the PRC. At the same time, iPeer Multimedia owns a 40per cent interest in a Taiwanese label company, HIM International Music Inc. which is engaged in the production of musical content and agency business to the pop singing groups such as S.H.E, Fahrenheit (飛輪海), Tank, Power Station (動力火車) and Stars Reunion (星光幫) in Taiwan.

More than 400,000 mobile phones embedded with iPeer Multimedia’s proprietary digital rights protection technology have been distributed in the PRC so far this year. It is expected that in the future, new model of portable devices including but not limited to mobile phones, MP3, MP4, digital picture frame, set-top box, portable speakers, desk-top PC and notebooks embedded with the proprietary digital rights protection technology will be distributed in the PRC to widen the membership base of iPeer Multimedia.

iPeer Multimedia will, within three years from the first closing of the issue of preference shares, seek an initial public offering of its securities on a recognized regional or national exchange or quotation system in an internationally recognized stock exchange. Should the potential initial public offering be materialized, the Company will benefit and maximize its return through the listing of iPeer Multimedia.

# Press Release

In view of 1) the impressive growth rates in the numbers of internet and mobile phone users in the PRC; 2) the increasing demand for digital entertainment content in the PRC; 3) the increasing popularity of internet and portable devices for enjoyment; and 4) the strong economic performance of the PRC, the management of iPeer Multimedia is optimistic about its digital entertainment business in the PRC.

“Though provision of payment platform to the end users of iPeer Multimedia, the Company and iPeer Multimedia enjoy substantial commercial synergies. On the one hand, other than internet, iPeer Multimedia could rely on the Company’s cost-effective, efficient and reliable payment platform to strengthen its business model, to promote its business, to enlarge its client base as well as to enhance quality of services. On the other hand, the Company could leverage on its convenient mobile payment gateway system to diversify its revenue base and introduce strategic partners to iPeer Group such as such as eLicense. eLicense is a leading copyright management company, it can strengthen the position of legitimate music and introduce international legitimate music media companies to the Chinese market. Toyota Tsusho Corporation and other large international corporations are shareholders of eLicense,” said Mr. Sean Hsu Tung Sheng, an Executive Director of Palmpay China.

## **About Palmpay China**

Palmpay China is currently the major and the only foreign-owned mobile payment gateway provider in China. The Company is exclusively authorized by China Unicom to complement its mobile network to develop a mobile payment gateway in 23 major provinces and municipal cities in the PRC. The products and services provided by Palmpay China include sales of China Unicom IP cards, virtual game cards, insurance products and other entertainment products, educational and information products and PC virtual products. Palmpay China has commenced its business in 12 major provinces and municipal cities in the PRC the past 15 months, in which the operations in Shanghai, Guangxi, Liaoning and Jilin are in full operations and have generated significant revenue. It is expected there will be strong and continuous growth in business in the coming two years when the services are launched and/have developed to its full operation in the remaining major provinces and municipal cities which is expected to be in two to three months’ time.

The aggregate income of Palmpay China is growing rapidly each month. The average growth rate of turnover for each of the four quarters in 2007 is 97.1%. In particular, since the commencement of operation in October 2007, the Company’s accident insurance business has grown rapidly and its monthly income has been increasing by times. Currently, the accident insurance business is in full operation in Shanghai, Liaoning and Guangxi and has generated considerable income. Operation has also commenced in five other provinces and municipal cities on a test run basis. Upon full operation in all the 23 major provinces and municipal cities, a considerable strong growth in the business will be realised in the coming two years.

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