
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Palmpay China (Holdings) Limited (the “**Company**”), you should at once hand this circular to the purchaser or to the bank manager, stockbroker 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)

**PROPOSED CHANGE OF AUDITORS
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting of the Company to be held at Unit 1601, 16/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong on Thursday, 29 April 2010 at 10:00 a.m. is set out on pages 5 to 6 of this circular. Whether or not you are able to attend such meeting, please complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at <http://www.palmpaychina.com>.

14 April 2010

* For identification purpose 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, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Company”	Palmpay China (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“SGM”	the special general meeting of the Company to be held at Unit 1601, 16F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong on Thursday, 29 April 2010, at 10:00 am.
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Mazars”	Mazars CPA Limited
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vision”	Vision A. S. Limited

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. Hsu Tung Sheng (*Chairman*)
Mr. Chan Francis Ping Kuen (*Deputy chairman*)
Mr. Yuan Shengjun (*Chief executive officer*)
Mr. Chan Hin Wing, James
Mr. Hsu Tung Chi

Independent non-executive Directors:

Mr. Kwok Chi Sun, Vincent
Mr. Yeung Kam Yan
Mr. Cheung Chi Hwa, Justin

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

14 April 2010

To the Shareholders

Dear Sir/Madam,

PROPOSED CHANGE OF AUDITORS AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The Board announces that Vision has resigned as auditors of the Group with effect from 9 April 2010. The Board proposes to appoint Mazars as the new auditors of the Group to fill the vacancy following the resignation of Vision. Pursuant to the Bye-laws, such appointment has to be approved by the Shareholders at the SGM.

The purpose of this circular is to provide you with details of the change of auditors and to give you the notice convening of SGM at which an ordinary resolution will be proposed to be considered, and if thought fit, approve the resolution in relation to the appointment of Mazars as the new auditors of the Group.

* For identification purpose only

LETTER FROM THE BOARD

REASON FOR THE PROPOSED CHANGE OF AUDITORS

The reason for the change of the Group's auditors is due to the fact that the Company could not reach consensus with Vision on the audit fee for the year ended 31 March 2010 and a lower audit fee chargeable by Mazars which the Board considers it to be in the interests of the Shareholders as a whole.

Vision has confirmed that there were no matters that needed to be brought to the attention of the Shareholders. Moreover, the Board was not aware of any matters, including any disagreement or any unresolved issues between the Group and Vision that should be brought to the attention of the shareholders and creditors of the Group in relation to the resignation of Vision.

No audit work has been commenced by Vision in respect of the audit of the Group's financial statements for the year ended 31 March 2010 and such audit work will be undertaken by Mazars upon its appointment. The Board does not consider that the proposed change of auditors of the Company will affect the release of the Company's annual results for the year ended 31 March 2010.

SGM

An SGM will be held at Unit 1601, 16/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, on Thursday, 29 April 2010 at 10:00 a.m.. The notice of which is set out on pages 5 and 6 of this circular. An ordinary resolution will be proposed at the SGM to approve the resolution in relation to the appointment of Mazars as the new auditors of the Group.

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

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

Pursuant to Bye-law 66 of the Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of the meeting;
- (ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting;
- (iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting;

LETTER FROM THE BOARD

- (iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; and
- (v) if required by the rules of the Designated Stock Exchange (as defined in the Bye-laws), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

RECOMMENDATION

The Board considers that the proposed resolution is in the interests of the Company and the Shareholders as a whole and so recommends the Shareholders to vote in favour of the proposed resolution at the SGM.

RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this circular 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 circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

NOTICE OF SPECIAL GENERAL MEETING



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 (“SGM”) 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 Thursday, 29 April 2010 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTION

“**THAT** Mazars CPA Limited be and is hereby appointed as auditors of the Group in place of the resigned auditors, Vision A.S. Limited to hold office until the conclusion of the next annual general meeting of the Company, and the board of directors of the Company be and are hereby authorised to fix the remuneration of the appointed auditors.”

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

Hong Kong, 14 April 2010

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 purpose only

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (i) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his/her/its proxy to attend and, on a poll, vote instead of him/her/it. A proxy need not be a member of the Company.
- (ii) In order to be valid, the proxy form together with the 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 with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time appointed for holding the meeting or any adjourned meeting.
- (iii) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.