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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)

PROFIT WARNING

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to incur loss for the year ended 31 March 2011 as compared to the profit for the year ended 31 March 2010 based on the current information available.

Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

This announcement is made by Palmpay China (Holdings) Limited (the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to incur loss for the year ended 31 March 2011 as compared to the profit for the year ended 31 March 2010. Such estimated loss was mainly due to the significant impairment loss of goodwill in respect of the payment gateway business and telecommunication optic fiber business. The Board wishes to express that the abovementioned impairment loss is of non-cash in nature and does not have any impact on the operating cash flows of the Group.

* For identification purposes only

Information contained in this announcement is only the preliminary assessment by the management of the Company based on current information available, which has not been confirmed by the Company's auditors. The Company is still in the process of finalizing the audited final results of the Group for the year ended 31 March 2011. The audited annual results announcement of the Group for the year ended 31 March 2011 is scheduled to be published in late June 2011.

Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

By order of the Board of
Palmpay China (Holdings) Limited
Mr. Yuan Shengjun
Chairman

Hong Kong, 10 June 2011

As at the date of this announcement, the executive Directors are Mr. Yuan Shengjun, Mr. Hsu Tung Chi, Mr. Chan Francis Ping Kuen and Mr. Chan Hin Wing, James. The independent non-executive Directors are Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Cheung Chi Hwa, Justin.

This announcement, for which the directors of Palmpay China (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its posting and the Company's website at www.palmpaychina.com.