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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)**

### **CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS GRANTED BUT NOT EXERCISED**

Reference is made to the announcement of Palmpay China (Holdings) Limited (the “**Company**”) dated 12 July 2011 in relation the proposed Open Offer (the “**Announcement**”). Unless otherwise stated herein, terms used in the Announcement shall have the same meaning as used therein. Pursuant to the Underwriting Agreement, the Company shall obtain on or before the third business day after the date of publication of the Announcement of written undertakings from holders of the Share Options not to exercise any of the Share Options or confirmations to cancel the Share Options.

The Company announces that the Directors and the holders of Share Options have agreed to cancel all outstanding Share Options granted but not exercised in accordance with the provisions of the Share Option Scheme with immediate effect as the Company received letters from holders of 12,144,000 Share Options to cancel their respective Share Options on 15 July 2011. The cancellation of all outstanding Share Options granted but not exercised was mutually agreed among the Company and the holders of Share Options as the exercised prices of the Share Options are comparatively high when compared with the recent market prices of the Shares, which deters the holders of Share Options from exercising the Share Options to subscribe for the Shares of the Company, hence, unable to fulfill the purpose of the Share Option Scheme to provide incentives or rewards to the holders of Share Options for their contributions to the Group and to enable the Group to recruit and retain high-calibre employees.

\* *For identification purpose only*

As at the date of this announcement, the Company has 12,144,000 outstanding Share Options which in aggregate entitling holders thereof to subscribe for 12,144,000 Shares. Details of the outstanding Share Options granted but not exercised are set out below:

<b>Exercise period</b>	<b>Exercise price</b>	<b>Outstanding Share Options</b>
14 August 2007 to 13 August 2017	HK\$2.1665	2,640,000
17 December 2007 to 16 December 2017	HK\$1.8875	6,000,000
21 December 2007 to 20 December 2017	HK\$1.9375	3,504,000

The relevant holders of Share Options whose Share Options have been cancelled shall not be entitled to any compensation or any consequential loss as a result of such cancellation of the outstanding Share Options. Therefore, there will not be any adverse financial effect to the Company as a result of the cancellation of the outstanding Share Options granted but not exercised.

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

Hong Kong, 15 July 2011

*As at the date of this announcement, the executive Directors are Mr. Yuan Shengjun, 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.*