

Press Release

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PALMPAY CHINA'S NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS SURGED 117% DURING THE NINE MONTHS ENDED 31 DECEMBER 2008 ACHIEVED GROWTH IN TURNOVER AND GREATER MARKET PENETRATION DESPITE GLOBAL FINANCIAL CRISIS

Palmpay China (Holdings) Limited ("Palmpay China" or the "Group", stock code: 8047), a mobile payment gateway service provider in the People's Republic of China ("PRC"), announced that, despite global financial crisis, its profit attributable to equity holders for the three months and nine months ended 31 December 2008 amounted to HK\$5,373,000 and HK\$11,718,000 respectively, representing increases of 188 per cent and 117 per cent respectively when compared with those of the corresponding periods of the previous year.

For the three and nine months ended 31 December 2008, the Group's turnover, which derived solely from the Group's mobile payment gateway business, amounted to approximately HK\$13,677,000 and HK\$39,379,000 respectively, representing increases of approximately 36 per cent and 66 per cent respectively when compared with that of the corresponding periods of the previous year. In particular, the Group's turnover for the three months ended 31 December 2008 surged despite global financial crisis, with an increase of 8.3 per cent as compared to the same of the previous quarter.

The Group's basic earnings per share for the nine months ended 31 December 2008 was approximately HK0.82 cents (2007 same period: HK0.49 cents).

The directors of the Group do not recommend the payment of any dividend for the nine months ended 31 December 2008 (2007 same period: nil).

"The Group's mobile payment gateway business has achieved significant progress. As at 31 December 2008, the Group's operation has expanded to 15 provinces/municipal cities in the PRC from 12 as at the end of 2007," noted Mr. Sean Hsu Tung Sheng, Executive Director and chief executive officer of Palmpay China.

To provide a complete payment gateway solution, Palmpay China is developing another advanced form of payment gateway based on the Near Field Communication Technology ("NFC").

“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,” added Mr. Hsu.

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 Sichuen (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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Palmpay China (Holdings) Limited
(Stock code: 8047)
Unaudited Consolidated Income Statement
For the three and nine months ended 31 December 2008

	For the three months ended		For the nine months ended	
	31 December	31 December	31 December	31 December
	2008	2007	2008	2007
	HK\$'000	HK\$ '000	HK\$'000	HK\$ '000
Turnover	13,677	40,594	39,379	110,484
Cost of sales	(1,846)	(26,514)	(5,589)	(76,649)
Gross profit	11,831	14,080	33,790	33,835
Other revenue	2,496	966	2,949	3,100
Distribution costs	(1,380)	(2,667)	(4,350)	(5,265)
Administrative expenses	(3,094)	(5,755)	(8,717)	(15,459)
Profit from operating activities	9,853	6,624	23,672	16,211
Gain on disposal of subsidiaries	-	-	-	2,850
Finance costs	(40)	(1,539)	(110)	(5,213)
Profit before income tax	9,813	5,085	23,562	13,848
Income tax	(2,313)	(956)	(6,405)	(2,445)
Profit for the period	7,500	4,129	17,157	11,403
Attributable to:				
Equity holders of the Company	5,373	1,866	11,718	5,411
Minority interests	2,127	2,263	5,439	5,992
Dividends	--	--	--	--
Earnings per share				
-Basic (cents)	0.34	0.16	0.82	0.49
-Diluted (cents)	0.33	0.16	0.79	0.49