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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)**

### **DISCLOSEABLE TRANSACTION INVOLVING THE DISPOSAL OF 55% EQUITY INTERESTS IN GREAT PLAN GROUP LIMITED**

**Financial adviser to the Company**



**INCUB Corporate Finance Limited**

#### **THE AGREEMENT**

The Board is pleased to announce that on 2 March 2012 (after trading hours of the Stock Exchange), the Vendor entered into the Agreement with the Purchaser for the Disposal. Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares and the Sale Loan for a cash consideration of HK\$123,000. The Sale Shares represent 55% of the total issued share capital in the Target Company. The Target Company is an investment holding company and the Target Group is principally engaged in the provision of contactless payment system in the PRC based on the 13.56MHz NFC Technology. Completion took place simultaneously upon the signing of the Agreement on 2 March 2012.

#### **IMPLICATION OF THE LISTING RULES**

As the applicable percentage ratios calculated pursuant to Chapter 19 of the GEM Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

\* *For identification purposes only*

The Board is pleased to announce that on 2 March 2012 (after trading hours of the Stock Exchange), the Vendor entered into the Agreement with the Purchaser for the disposal of the Sale Shares and the Sale Loan for a cash consideration of HK\$123,000, details of which are set out below:

## **THE AGREEMENT**

**Date:** 2 March 2012 (after trading hours)

**Parties:** (i) the Vendor (as vendor)  
(ii) the Purchaser (as purchaser)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is principally engaged in investment holding and the Purchaser and its ultimate beneficial owner are Independent Third Parties.

### **Assets to be disposed of:**

- (i) the Sale Shares, representing 55% of the total issued share capital of the Target Company; and
- (ii) the Sale Loan, representing all obligations, liabilities and debts owing or incurred by the Target Group to the Group on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion. As at the date of the Agreement, the Target Group was indebted to the Group in the amount of approximately HK\$13.40 million.

### **Consideration**

The Consideration is HK\$123,000 and was settled in cash upon Completion. The Consideration was determined after arm's length negotiations between the parties to the Agreement after taking into account (i) the unaudited consolidated net liabilities value of the Target Group of approximately HK\$18.28 million as at 31 December 2011; (ii) unaudited consolidated net loss after taxation of the Target Group for the two years ended 31 March 2010 and 31 March 2011 of approximately HK\$2.09 million and HK\$4.58 million respectively; and (iii) the reasons for the Disposal as disclosed in the following section.

As such, the Directors (including the independent non-executive Directors) are of the view that the Consideration and the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Completion

Completion has taken place simultaneously upon signing of the Agreement when all the acts and requirements are complied with in accordance with the Agreement. Upon Completion, the Group no longer has any interest in the Target Company, and therefore the Target Company ceased to be a subsidiary of the Company.

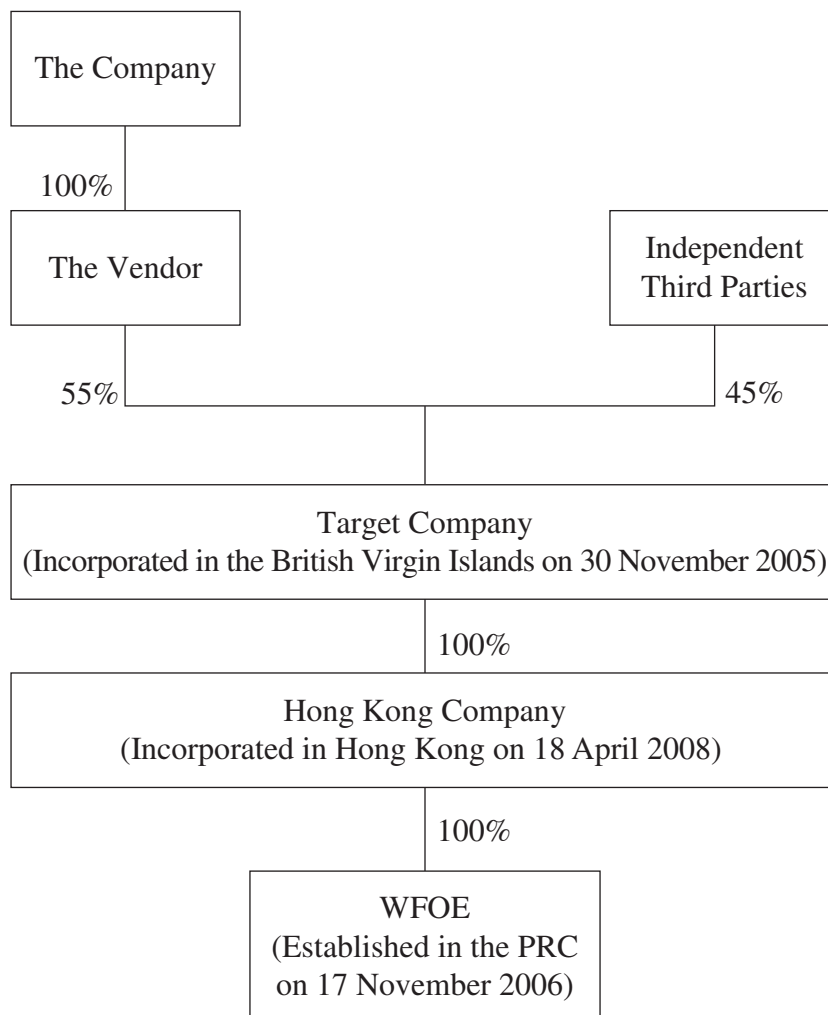
## INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. Prior to Completion, the Target Company is beneficially owned as to 55% by the Company and thus is a non-wholly owned subsidiary of the Company. The Target Group is principally engaged in the provision of contactless payment system in the PRC based on the 13.56MHz NFC Technology.

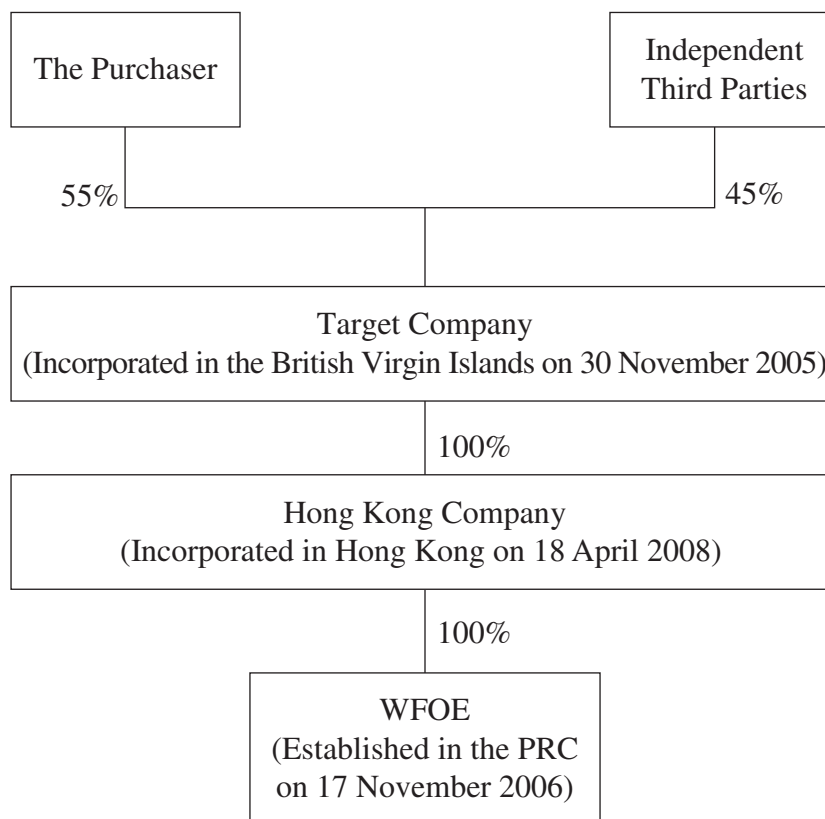
### Target Group structure

Set out below is the group structure of the Target Group before and after Completion:

*The group structure of the Target Group immediately before Completion:*



***The group structure of the Target Group immediately after Completion:***



**Financial information of the Target Group**

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the two years ended 31 March 2010 and 31 March 2011:

	For the year ended 31 March 2011 (unaudited) <i>HK\$</i>	For the year ended 31 March 2010 (unaudited) <i>HK\$</i>
Revenue	4,470,588	0
Loss before taxation	4,579,067	2,093,566
Loss after taxation	4,579,067	2,093,566

As at 31 March 2011 and 31 December 2011, the unaudited consolidated net liabilities of the Target Group was approximately HK\$6,194,262 and HK\$18,281,427 respectively.

## **REASONS FOR THE DISPOSAL**

The Company is an investment holding company. After the Disposal, the Group is principally engaged in the manufacturing and trading of products related to optimal optical fibers, telecommunications, electrical power network systems and equipment and the provision of energy management services. Upon completion of the acquisition of Boomtech Limited, the Group will also be engaged in the provision of integrated solutions for lightning electromagnetic pulse protection, grounding technology, electromagnetic security and high-energy electromagnetic pulse protection and its related engineering design, construction and technical services for telecommunication operators and electricity providers in the PRC. Details of the acquisition of Boomtech Limited are set out in the announcement of the Company dated 13 January 2012.

Taking into account (i) the Target Group had incurred loss for the past two financial years as detailed above and that it is expected that the loss making position will continue given intense market competition; (ii) the Disposal would enable the Group to sell out loss-making business and reduce potential loss of the Target Group to the Group in coming years; (iii) after the Disposal, the Group will no longer be required to have further capital injection to support the future operation of the Target Group and therefore the Group can deploy more resources to other investment opportunities with better prospect; and (iv) the Group will recognize a gain on Disposal, the Board is of the view that the terms of the Agreement are fair and reasonable and are on normal commercial terms and that the Disposal is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS**

As a result of the Disposal, subject to confirmation of the Company's auditors, the Group is expected to record an estimated gain on the Disposal of approximately HK\$4.88 million. Such gain is estimated based on the aggregate of the net Consideration receivable from the Disposal of approximately HK\$3,000 and HK\$4.88 million, being the difference between (i) the Sale Loan of approximately HK\$13.40 million as at the date of the Agreement and (ii) the consolidated net liabilities of the Target Group of approximately HK\$18.28 million as at 31 December 2011.

The net consideration of the Disposal, after deducting all related expenses to be incurred for the Disposal, is approximately HK\$3,000, which will be applied as the Group's general working capital.

## **GEM LISTING RULES IMPLICATIONS**

As the applicable percentage ratios calculated pursuant to Chapter 19 of the GEM Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Agreement”	the sale and purchase agreement dated 2 March 2012 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Palmpay China (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms of the Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the consideration for the Disposal, being HK\$123,000
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the disposal of the Sale Shares and the Sale Loan subject to and upon the terms and conditions of the Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	Victory Tech Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Target Company
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Richwheel Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Group to the Group on or at any time prior to the Completion where actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion. As at the date of the Agreement, the Target Group was indebted to the Group in the amount of approximately HK\$13.40 million
“Sale Shares”	55 ordinary shares of US\$1 each in the capital of the Target Company, representing 55% of the total issued share capital of the Target Company as at the date of the Agreement
“Share(s)”	ordinary share(s) of HK\$0.05 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Great Plan Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries including but not limited to the Hong Kong Company and the WFOE
“Vendor”	Upper Power Limited, a wholly-owned subsidiary of the Company
“WFOE”	北京互聯匯眾科技有限公司 (Beijing Hu Lian Hui Zhong Technology Company Limited <sup>#</sup> ), being registered as a wholly foreign-owned enterprise under the PRC laws and is the principal operating subsidiary of the Target Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

<sup>#</sup> The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

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

Hong Kong, 2 March 2012

*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](http://www.hkgem.com)) for at least 7 days from the date of its posting and the Company’s website at [www.palmpaychina.com](http://www.palmpaychina.com).*