PALMPAY CHINA (HOLDINGS) LIMITED
中國掌付（集團）有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8047)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *for identification purpose only*

FINANCIAL RESULTS

The board of directors (the "Board") of Palmpay China (Holdings) Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 together with the comparative figures for the corresponding year in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
TURNOVER	5		
Continuing operation		**36,523**	3,178
Discontinued operations		**105,840**	106,896
		142,363	110,074
Cost of sales		**(94,391)**	(85,818)
Gross profit		**47,972**	24,256
Other revenues and gains	5	**3,519**	1,329
Distribution costs		**(4,076)**	(1,217)
Administrative expenses		**(29,594)**	(21,216)
Provision for impairment loss of available-for-sale financial assets		**–**	(570)
Loss on disposal of subsidiaries, net		**(17,975)**	–
Finance costs	6	**(6,314)**	(8,361)
Share of loss from an associate		**–**	(187)
PROFIT/(LOSS) BEFORE TAX	7		
Continuing operation		**(5,351)**	(7,311)
Discontinued operations		**(1,117)**	1,345
		(6,468)	(5,966)
Tax	8		
Continuing operation		**(2,170)**	(497)
Discontinued operations		**(374)**	(2,155)
		(2,544)	(2,652)

	Notes	2008 HK$'000	2007 HK$'000
LOSS FOR THE YEAR			
Continuing operation		**(7,521)**	(7,808)
Discontinued operations		**(1,491)**	(810)
		(9,012)	(8,618)
ATTRIBUTABLE TO:			
Equity holders of the Company		**(18,751)**	(9,117)
Minority interests		**9,739**	499
LOSS FOR THE YEAR		**(9,012)**	(8,618)
DIVIDENDS	*9*	**–**	–
LOSS PER SHARE	*10*		
From continuing and discontinued operations			
– basic (cents)		**(1.64)**	(1.78)
– diluted (cents)		**N/A**	N/A
From continuing operation			
– basic (cents)		**(1.51)**	(1.62)
– diluted (cents)		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**16,045**	39,822
Available-for-sale financial assets		**–**	150
Intangible assets		**232,931**	60,730
Deferred tax assets		**–**	430
Total non-current assets		**248,976**	101,132
CURRENT ASSETS			
Inventories		**–**	38,484
Trade receivables	*12*	**28,739**	21,756
Prepayments, deposits and other receivables		**3,494**	7,469
Tax prepaid		**–**	64
Pledged time deposits		**–**	14,260
Cash and cash equivalents		**31,752**	33,784
Total current assets		**63,985**	115,817
CURRENT LIABILITIES			
Trade payables	*13*	**–**	20,087
Accrued expenses and other payables		**6,730**	7,886
Interest-bearing bank borrowings		**–**	64,517
Current portion of finance lease payables		**–**	2,778
Other loans		**–**	1,044
Due to a director		**253**	–
Due to a director of a subsidiary		**5,859**	–
Due to a shareholder		**–**	215
Due to a shareholder of a subsidiary		**–**	13,741
Promissory notes		**–**	6,158
Tax payable		**1,813**	854
Total current liabilities		**14,655**	117,280
NET CURRENT ASSETS/(LIABILITIES)		**49,330**	(1,463)
TOTAL ASSETS LESS CURRENT LIABILITIES		**298,306**	99,669

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		–	1,153
Finance lease payables		–	4,005
Convertible notes		**2,791**	–
Other payables		**76,800**	–
Provision for long service payment		–	171
Deferred tax liabilities		–	1,412
Total non-current liabilities		**79,591**	6,741
Net assets		**218,715**	92,928
EQUITY			
Issued capital		**64,117**	48,471
Reserves		**147,748**	39,890
		211,865	88,361
Minority interests		**6,850**	4,567
Total equity		**218,715**	92,928

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the Company										
	Issued share capital	**Share premium**	**Contributed surplus**	**Exchange reserve**	**Convertible notes reserve**	**Share option reserve**	**Warrant reserve**	**Accumu–lated losses**	**Sub-total**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	18,750	11,152	6,015	96	885	–	–	(17,856)	19,042	1,988	21,030
Acquired on acquisition of subsidiaries	–	–	–	10	–	–	–	–	10	2,080	2,090
Issue of share capital	18,924	18,185	–	–	–	–	–	–	37,109	–	37,109
Recognition of equity–settled share-based payment	–	–	–	–	–	3,719	–	–	3,719	–	3,719
Issue of consideration shares	1,500	4,500	–	–	–	–	–	–	6,000	–	6,000
Share option exercised	2,200	7,519	–	–	–	(1,239)	–	–	8,480	–	8,480
Exercise of warrants	4,650	10,695	–	–	–	–	–	–	15,345	–	15,345
Conversion of convertible notes	2,447	7,737	–	–	(885)	–	–	–	9,299	–	9,299
Share issue expenses	–	(2,625)	–	–	–	–	–	–	(2,625)	–	(2,625)
Exchange realignment	–	–	–	1,099	–	–	–	–	1,099	–	1,099
Net loss for the year	–	–	–	–	–	–	–	(9,117)	(9,117)	499	(8,618)
At 31 March 2007 and at 1 April 2007	48,471	57,163	6,015	1,205	–	2,480	–	(26,973)	88,361	4,567	92,928
Issue of shares under placing	5,500	46,200	–	–	–	–	–	–	51,700	–	51,700
Recognition of equity–settled share-based payment	–	–	–	–	–	3,736	–	–	3,736	–	3,736
Share option exercised	1,977	12,763	–	–	–	(2,480)	–	–	12,260	–	12,260
Issue of consideration shares	8,169	65,351	–	–	–	–	–	–	73,520	–	73,520
Share issue expenses	–	(1,853)	–	–	–	–	–	–	(1,853)	–	(1,853)
Issue of warrants	–	–	–	–	–	–	1,561	–	1,561	–	1,561
Warrants issue expenses	–	–	–	–	–	–	(221)	–	(221)	–	(221)
Issue of convertible notes	–	–	–	–	443	–	–	–	443	–	443
Acquired on acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	–	–	(5,469)	(5,469)
Disposal of subsidiaries	–	–	–	(2,518)	–	–	–	–	(2,518)	(1,987)	(4,505)
Exchange realignment	–	–	–	3,627	–	–	–	–	3,627	–	3,627
Net loss for the year	–	–	–	–	–	–	–	(18,751)	(18,751)	9,739	(9,012)
At 31 March 2008	64,117	179,624	6,015	2,314	443	3,736	1,340	(45,724)	211,865	6,850	218,715

Notes:

1. CORPORATION INFORMATION

Palmpay China (Holdings) Limited ("the Company") was incorporated in Bermuda on 7 June 2001 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The shares of the Company were listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited ("the Stock Exchange") on 1 November 2001. Details of the group reorganisation are set out in the Company's prospectus dated 24 October 2001.

The Company's registered office is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is situated at Unit 1601, 16/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong.

The Company's principal activity has not changed during the year and consisted of investment holding. The principal activity of its subsidiary is the provision of mobile payment gateway services. Its subsidiaries also engaged in the research, development and provision of information-on-demand ("IOD") system solutions and the provision of related products and services as well as a full range of design, engineering and manufacturing services to high-end brand-named users in the industry, which were discontinued upon the disposal of subsidiaries in current year.

By a special resolution passed on 23 August 2007, the name of the Company was changed from "Union Bridge Holdings Limited 聯僑集團控股有限公司" to "Palmpay China (Holdings) Limited 中國掌付(集團)有限公司".

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). They have been prepared under the historical cost convention, except for available-for-sale financial assets, derivative financial instruments and financial assets at fair value through profit or loss, which have been measured at fair value and promissory notes which have been measured at amortised cost. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial statements of the year.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The adoption of the new HKFRSs has given rise to additional disclosures as follows:

HKAS 1 (Amendment) – Capital Disclosures

In accordance with the HKAS 1 (Amendment) – Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report.

HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 – Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its consolidated financial statements for the year ended 31 March 2008. All disclosures relating to financial instruments including the comparative information have been updated to reflect the new requirements. In particular, the Group's consolidated financial statements now feature:

- a sensitivity analysis explains the Group's market risk exposure in regard to its financial instruments, and

- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net income or balance sheet items.

3.1 Impact of Issued but not Yet Effective Hong Kong Financial Reporting Standards

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

Notes:

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 January 2008
3 Effective for annual periods beginning on or after 1 July 2008

4. SEGMENTAL INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- The internet appliances segment provides internet appliances and related products;
- The electronic devices and components segment provides power devices, magnetic and printed circuit board assembly;
- The design and engineering services segment provides design of power devices, magnetic and printed circuit board assembly; and
- The mobile payment gateway services segment provides e-payment services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers and assets are attributed to the segments based on the location of assets.

(a) Business segments

The following tables present revenues, results and certain assets, liabilities and expenditure information for the Group's business segments.

	Continuing operation		Discontinued operations							
	Mobile payment gateway services		Internet appliances and related products		Electronic devices and components		Design and engineering services		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER	**36,523**	3,178	**–**	2,147	**104,116**	99,972	**1,724**	4,777	**142,363**	110,074
RESULTS										
Segments results	**33,331**	3,178	**–**	192	**15,299**	18,821	**(658)**	2,065	**47,972**	24,256
Other revenues and gains									**3,519**	1,329
Distribution costs									**(4,076)**	(1,217)
Administrative expenses									**(29,594)**	(21,216)
Provision for impairment loss on available-for–sale financial assets									**–**	(570)
Loss on disposal of subsidiaries, net									**(17,975)**	–
Finance costs									**(6,314)**	(8,361)
Share of loss from an associate									**–**	(187)
Loss before tax									**(6,468)**	(5,966)
Tax									**(2,544)**	(2,652)
Loss for the year									**(9,012)**	(8,618)

	Continuing operation		Discontinued operations							
	Mobile payment gateway services		Internet appliances and related products		Electronic devices and components		Design and engineering services		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
BALANCE SHEET										
ASSETS										
Segments assets	**45,823**	9,319	**–**	241	**–**	38,506	**–**	14,776	**45,823**	62,842
Unallocated assets									**267,138**	154,107
Total assets									**312,961**	216,949
LIABILITIES										
Segments liabilities	**–**	–	**–**	36	**–**	20,051	**–**	–	**–**	20,087
Unallocated liabilities									**94,246**	103,934
Total liabilities									**94,246**	124,021
Other segment information:										
Depreciation	**2,211**	266	**28**	248	**3,529**	3,002	**–**	–	**5,768**	3,516
Depreciation – unallocated									**1,460**	1,363
Capital expenditure – unallocated									**13,583**	18,917

(b) Geographical segments

A summary of the geographical segments as at 31 March 2008 is set out as follows:

	Asia & Middle East		United States of America ("USA")		United Kingdom ("UK")		Europe		Others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007`	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover:												
Continuing operation	**36,523**	3,178	**–**	–	**–**	–	**–**	–	**–**	–	**36,523**	3,178
Discontinued operations	**31,440**	29,284	**7,998**	19,580	**38,691**	31,147	**27,711**	26,877	**–**	8	**105,840**	106,896
External turnover	**67,963**	32,462	**7,998**	19,580	**38,691**	31,147	**27,711**	26,877	**–**	8	**142,363**	110,074
Capital expenditure	**13,583**	18,917	**–**	–	**–**	–	**–**	–	**–**	–	**13,583**	18,917
Assets:												
Segment assets	**312,961**	198,971	**–**	5,944	**–**	4,948	**–**	5,674	**–**	1,412	**312,961**	216,949

5. TURNOVER, OTHER REVENUES AND GAINS

Turnover represents the net invoiced value of goods sold, after sales discounts where applicable services rendered. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's turnover, other revenues and gains for the year is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
TURNOVER		
CONTINUING OPERATION		
Mobile payment gateway services	**36,523**	3,178
DISCONTINUED OPERATIONS		
Trading of internet appliances and related products	**–**	2,147
Trading and manufacturing of electronic devices and components	**104,116**	99,972
Design and engineering services	**1,724**	4,777
	105,840	106,896
	142,363	110,074
OTHER REVENUES AND GAINS		
Interest income	**2,809**	711
Exchange gains, net	**215**	321
Gain on disposal of property, plant and equipment	**–**	71
Gain arising from fair value change of derivative financial instruments	**146**	–
Sundry income	**349**	226
	3,519	1,329

6. FINANCE COSTS

	Group 2008 HK$'000	Group 2007 HK$'000
Interest on:		
Bank overdrafts, bills and loans wholly repayable within five years	**5,366**	5,570
Finance leases	**372**	486
Convertible notes	**34**	885
Promissory notes repayable within five years	**542**	1,285
Other loans	**–**	135
	6,314	8,361

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after crediting and charging the following:

	Group 2008 HK$'000	Group 2007 HK$'000
Crediting:		
Interest income	**2,809**	711
Exchange gains, net	**215**	321
Gain on disposal of property, plant and equipment	**–**	71
Gain arising from fair value change of derivative financial instruments	**146**	–
Charging:		
Auditors' remuneration	**680**	648
Amortisation of product development costs	**2,035**	2,143
Cost of sales	**94,391**	85,818
Depreciation of property, plant and equipment	**7,228**	4,879
Loss on disposal of property, plant and equipment	**100**	–
Provision for impairment loss of available-for-sale financial assets	**–**	570
Minimum lease payments under operating leases on land and buildings	**1,214**	2,106
Loss on disposal of subsidiaries, net	**17,975**	–
Staff costs (excluding directors' remuneration)		
Salaries and allowances	**14,792**	14,709
Pension scheme contributions	**259**	686
Share-based payments	**1,619**	2,618
Loss of disposal of subsidiary's loan	**1,500**	–
Impairment allowances for bad and doubtful debt	**54**	–

Staff costs and directors' remuneration amounting to HK$3,742,000 (2007: HK$3,943,000) in relation to research and development are capitalised in "product development costs" during the year.

8. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The amount of tax in the consolidated income statement represents:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current tax-provision for Hong Kong profits tax		
Current year	**429**	292
Over provision in prior years	**–**	(208)
Current tax-provision for the PRC tax		
Current year	**1,721**	–
Under provision in prior years	**223**	–
	2,373	84
Deferred tax	**171**	2,568
Tax charge for the year	**2,544**	2,652
Attributable to:		
Continuing operation	**2,170**	497
Discontinued operations	**374**	2,155
	2,544	2,652

A reconciliation of the tax expense applicable to loss before tax using the statutory rate for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rate, are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Loss before tax	**(6,468)**	(5,966)
Tax at the domestic tax rate of 17.5% (2007: 17.5%)	**(1,132)**	(1,044)
Effect of different tax rates in other jurisdictions	**2,143**	219
Tax effect of non-deductible expenses	**6,323**	2,716
Tax effect of non-taxable income	**(981)**	(1,506)
Tax effect on accelerated depreciation allowance	**(793)**	(35)
Tax effect on unused tax losses not recognised	**850**	2,510
Under provision in the prior years	**223**	–
Over provision in the prior years	**–**	(208)
Tax rebate	**(75)**	–
Tax concession	**(4,014)**	–
Tax charge for the year	**2,544**	2,652

9. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2007: Nil).

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2008	2007
	HK$'000	*HK$'000*
For continuing and discontinued operations		
Loss attributable to shareholders	**(18,751)**	(9,117)
For continuing operation		
Loss attributable to shareholders	**(17,260)**	(8,307)
	Number of shares	
Weighted average number of ordinary shares in issue during the year	**1,146,633,275**	513,322,041

Diluted loss per share is not presented as the convertible notes and share options had anti-dilutive effects on the basic loss per share.

11. POST BALANCE SHEET EVENTS

On 30 April 2008, Beaming Investments Limited ("Beaming Investments"), an indirectly wholly-owned subsidiary of the Company, completed the shares purchase agreement, pursuant to which, iPeer Multimedia International Ltd. ("iPeer Multimedia"), as issuer, had agreed to allot and issue, and Beaming Investments, as subscriber, had agreed to subscribe for 1,500,000 iPeer Multimedia series A Preferred Shares for a total subscription price of USD1,500,000 which has been settled in cash.

On 30 May 2008, the Company completed the share exchange agreement, pursuant to which, the Company had agreed to purchase 2,000,000 ordinary shares of iPeer Multimedia at a price of USD1 per iPeer Multimedia's share, which has been settled by the Company allotment and issuance of 22,967,646 new shares of the Company at a price of HK$0.68 per Company's share as the consideration.

On 25 June 2008, the directors of the Company proposed to make a bonus issue of share on the basis of one new ordinary share of HK$0.05, credited as fully paid, for every five existing shares held by the shareholders of the Company.

12. TRADE RECEIVABLES

The aging analysis of trade receivables (net of impairment allowances for bad and doubtful debts) at the balance sheet date, based on the date of goods delivered, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**4,490**	8,327
31 – 60 days	**4,453**	3,774
61 – 90 days	**4,722**	4,164
91 – 120 days	**3,971**	1,473
Over 120 days	**11,103**	4,018
	28,739	21,756

Included in the Group's trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	Group	
	2008	2007
	HK$'000	*HK$'000*
United States Dollars	**–**	18,714
Renminbi	**28,739**	2,992
	28,739	21,706

13. TRADE PAYABLES

The aging analysis of trade payables at the balance sheet date, based on the date of goods received, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 30 days	–	5,170
31 – 60 days	–	3,149
61 – 90 days	–	3,032
91 – 120 days	–	1,270
Over 120 days	–	7,466
	–	20,087

Included in the Group's trade payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	Group	
	2008	2007
	HK$'000	*HK$'000*
United States Dollars	–	2,065
Euro	–	194
Renminbi	–	5,854
	–	8,113

BONUS ISSUE OF SHARES

The directors will propose to make a bonus issue of share on the basis of one new ordinary share of HK$0.05, credited as fully paid, for every five existing shares held by the shareholders of the Company whose names are on the register of members of the Company on the record date at the forthcoming annual general meeting of the Company. Necessary resolution(s) will be proposed at the forthcoming annual general meeting of the Company and if passed, share certificates for the bonus share will be posted. A circular containing, among other things, further details and timetable of the proposed bonus issue of share will be dispatched to the shareholders of the Company as soon as practicable. All these measures reflect the Board's optimism towards the prospects of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results

The Group recorded an increase of approximately 29% in its turnover for the year ended 31 March 2008 to approximately HK$142.4 million as compared to approximately HK$110.1 million in the previous year. It was mainly attributable to the significant increase of 1,049% of turnover of the provision of mobile payment gateway business. Such significant increase was due to the fact that the payment gateway services were growing substantially during the year. The turnover of mobile payment gateway business increased at an average rate of approximately 41.8% on a quarterly basis during the year.

The Group recorded an increase in gross profit of approximately 98% to HK$48.0 million in the current year as compared to approximately HK$24.3 million in the previous year due to the increase contribution from turnover of the provision of mobile payment gateway services and the higher gross profit margin of such business.

During the year, Media Magic Group recorded a net profit after tax of approximately HK$21 million (which is 250% of the guaranteed profit guaranteed by Mr. Hsu Tung Sheng of RMB8 million for the acquisition of 31% shareholding interest in Media Magic in January 2007), of which approximately HK$11.3 million was contributed to the Company. The Group now owns as to 75% of Media Magic. Net loss attributable to equity holders of the Company for the year ended 31 March 2008 amounted to approximately HK$18.8 million (2007: net loss of approximately HK$9.1 million), which was mainly attributable to the one-off loss on disposal of the trading of electronic devices and internet appliances businesses of approximately HK18.0 million, recognition of equity-settled share-based payment of approximately HK3.7 million and one-off disposal of subsidiary's loan of HK$1.5 million.

Liquidity, financial resources and capital structure

As at 31 March 2008, the Group had total assets of approximately HK$313.0 million (2007: approximately HK$216.9 million), including net cash and bank balances of approximately HK$31.8 million (2007: approximately HK$33.8 million).

For the year ended 31 March 2008, the Group financed its operations mainly with its own working capital and there was no general banking facilities (2007: approximately HK$77.0 million was granted and approximately HK$64.0 was utilised).

As at 31 March 2008, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (2007: 0.30). The Group had no bank borrowings as at 31 March 2008 (2007: approximately HK$65.7 million).

Segment information

The revenue of the Group comprised the sales of internet appliances and related products, trading and manufacturing electronic devices and components, design and engineering services and provision of a variety of mobile payment gateway services.

There was no revenue from the sales of internet appliances and related products because of the discontinued operation. Revenue from the trading and manufacturing of electronic devices and components increased by approximately HK$4.1 million and approximately 4%. Revenue from the design and engineering services decreased by approximately HK$3.1 million and approximately 64%. Revenue from mobile payment gateways services increased by approximately HK$33.3 million and approximately 1,049%.

As to the geographical segments, sales of the Group generated in the Asia & Middle East, USA, UK and Europe market were approximately HK$68 million, HK$8 million, HK$39 million and HK$28 million respectively during the year ended 31 March 2008 (2007: approximately HK$32 million, HK$20 million, HK$31 million and HK$27 million respectively).

New products and services

During the year, the Group continued to develop new products to increase its product range and strengthen its competitive position.

Significant investments

As at 31 March 2008, the Group did not have any significant investment (2007: HK$150,000).

Material acquisitions or disposals of subsidiaries and affiliated companies

During the year, the Group has further acquired 24% equity interest in Media Magic Group. After completion of the acquisition, the Company indirectly owned 75% equity interest in Media Magic Group. The Media Magic Group is principally engaged in the provision of diversified mobile payment gateway services.

Details of this acquisition are disclosed in the Company's circular dated 3 December 2007.

The Group disposed of the entire issued share capital of Union Bridge Group Limited and its subsidiaries for a consideration of HK$10,500,000.

Details of this disposal are disclosed in the Company's circular dated 20 February 2008.

Exposure to exchange rate fluctuation

Most of the transactions of the Group are denominated in United States Dollars ("USD"), Hong Kong Dollars ("HKD") and Renminbi ("RMB"). The Group adopts a conservative treasury policy with most of the bank deposits being kept in HKD, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 March 2008, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

Commitments

As at 31 March 2008, the Group had operating lease commitments in respect of rented office premises of approximately HK$1,652,000 (2007: HK$2,132,000). As at 31 March 2008, the Group had no significant capital commitment (2007: approximately HK$700,000).

Charge on the Group's assets

There was no charge on the Group's assets as at 31 March 2008 (2007: approximately HK$16.0 million was charged).

Future plans for material investments and expected source of funding

On 20 March 2008, Beaming Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into the shares purchase agreement with iPeer Multimedia International Limited to subscribe 1,500,000 Series A Preferred Share for a subscription price of USD1,500,000. Details of the subscription were disclosed in the Company's circular dated 14 April 2008. The transaction was completed on 30 April 2008.

On 14 May 2008, the Company entered into a share exchange agreement to purchase 2,000,000 iPeer Multimedia International Limited ordinary shares at a price of USD1.00 per share. Details of the transaction were disclosed on the Company's circular dated 5 June 2008. The transaction was completed on 30 May 2008.

Save as disclosed above, the Group did not have any plan for material investment or acquisition of material capital assets as at 31 March 2008. However, the Group is constantly looking for opportunities for investments or capital assets to enhance shareholders' value.

Contingent liabilities

The Group had no contingent liability as at 31 March 2008. The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$1,144,000 as at 31 March 2007. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Employees and remuneration policies

As at 31 March 2008, the Group had 51 (2007: 537) employees including directors. Total staff costs (excluding directors' emoluments) amounted to approximately HK$16.7 million for the year ended 31 March 2008 (2007: approximately HK$18.0 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to its employees in the PRC. 33,400,000 and 45,400,000 share options have been granted to directors, employees and business associates whereby HK$12,260,500 options money was received during the year.

BUSINESS REVIEW

General

The Group is principally engaged in the provision of mobile payment gateway services in the PRC. The Group is authorized by China Unicom Limited (中國聯通股份有限公司) ("China Unicom 中國聯通"), on an exclusive basis, for the provision of the Group's mobile payment gateway system to the subscribers of China Unicom (中國聯通) in 23 major provinces / municipal cities 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 phones.

The business of mobile payment gateway has developed significantly during the year. As at 1 April 2007, such business operated in four major provinces/municipal cities in the PRC and extended to 12 major provinces/municipal cities in the PRC as at 30 March 2008. In October 2007, the Group commenced the provision of mobile payment gateway services for accident insurance products of PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司). Turnover from accident insurance products has achieved a significant growth of 270% from October 2007 to March 2008. The Group is the first operator to provide mobile payment gateway for the sale of accident insurance products in the PRC.

The Group further acquired 24% shareholding interest in Media Magic Technology Limited ("Media Magic") and its subsidiaries ("Media Magic Group") is principally engaged in the provision of mobile payment gateway services in the PRC, during the year. Following such acquisition, the Group owns as to 75% shareholding interest in Media Magic.

The Group has disposed its manufacturing and trading of electronic devices and internet appliances businesses during the year. After such disposal, the Group will have no bank borrowing and the administrative expenses will be down by approximately 37%. Moreover, the Group could direct all its resources and manpower to the mobile payment gateway services business and other related mobile value-added services which are of synergistic effects to the Group's core business.

Following the aforesaid disposals and acquisition, the Group focuses on engaging in the provision of mobile payment gateway services in the PRC.

PROSPECTS AND APPRECIATION

The Group is optimistic about the prospects of the Group for the coming years owing to the fast growth of the economic environment, growing consumption power and living standard of people in the PRC. Going forward, the Group will look for other investment opportunities which are complementory to existing business of the Group to diversify its revenue base, explore new markets and develop new products. The Group will also continue to explore investment opportunities so as to optimize its shareholders' interests.

The Group acquired 2,000,000 iPeer Multimedia International Ltd ("iPeer Multimedia") shares (approximately 1.77% of the issued share capital of iPeer Multimedia) and 1,500,000 iPeer Multimedia Series A Preferred Shares (approximately 1.31% of the total issued ordinary share capital of iPeer Multimedia as enlarged by the allotment and issue of the 1,500,000 shares of iPeer Multimedia). iPeer Multimedia and its subsidiaries ("iPeer Group") begins its business as an online music service provider in Taiwan since 2006 and gradually evolves to become a total solution provider for digital content industry by expanding into the digital music market in the PRC as one of the leading online music services providers under the brand name "Kuro.cn (酷樂)" in late 2007. As part of the business model of iPeer Multimedia, iPeer Multimedia also has 40% interest in a Taiwanese label company, HIM International Music Inc., which is a company, engaged in the production of musical content and agency business to the pop singing groups such as S.H.E, Fahrenheit (飛輪海), Tank, Power Station (動力火車) and Stars Reunion (星光幫) in Taiwan.

The Director believes that the acquisition could provide the Group with a business opportunity to take part in digital content industry which is of great potential and prospect in the PRC. As a further step to enter into the digital content industry, the Company and iPeer Multimedia intend to co-operate to enhance the service scope of existing business of iPeer Multimedia in the PRC with the Company being engaged in the provision of payment platform to the end users of iPeer Multimedia. The Directors are of the view that such investment is of great potential and will provide an opportunity for the Company to diversify its revenue base through participating in the digital content industry in the PRC.

Through cooperation with iPeer Multimedia for the provision of payment platform to the end users of iPeer Multimedia, the Board believes that both iPeer Multimedia and the Company will enjoy substantial commercial synergies. On the one hand, iPeer Multimedia could rely on the Company's cost-effective, efficient and reliable payment platform to strengthen its business model, to promote its business, to enlarge its client base as well as to enhance quality of services. On the other hand, the Company could leverage on its convenient payment system to diversify its revenue source and introduce strategic partners to iPeer Group for the increase in variety of contents such as e-License Inc. (Japan), a pioneer in the development of copyright management and digital licensing technologies in Japan and is one of the leading Japan based copyright management companies specialised in the digital media industry to provide international copyright management solution and consultancy services. As at the date of this report, more than 400,000 mobile phones embedded with iPeer Multimedia's proprietary digital rights protection technology have been distributed in the PRC.

In an effort to capitalize the ever growing consumption power and living standard of people in the PRC, the Group will, base on the Near Field Communication Technology ("NFC"), in addition to the mobile phone, develop another payment gateway platform. The Group is in final negotiation stage with a globally well-known developer of NFC in Japan to introduce such contactless integrated circuit card industry in the PRC. Such technology is already widely adopted globally, i.e. Octopus in Hong Kong, NTT DoCoMo and KDDI mobile wallets (NTT DoCoMo and KDDI are two of the largest telecommunication providers in Japan) in Japan and EZ-Link in Singapore. The Group has entered into a preliminary agreement with China Network Communications Group Corporation (中國網絡通信集團公司) for the introduction and operation of NFC media in Jiangsu, the PRC. The Group is also in final negotiation stage with its strategic partners and other telecommunication conglomerates in the PRC for the introduction and operation of NFC media in other provinces of the PRC.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year under review, none of the directors or the management shareholders or substantial shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

CONTINUING CONNECTED TRANSACTION

On 15 June 2007, the Company entered into an agreement to Multi Channel Technology Limited ("Multi Channel") (a non-wholly owned subsidiary of the Company) to conditionally grant Multi Channel a revolving facility by way of Revolving Facility Letter of up to a maximum amount of HK$22 million at any time during the period commencing from the date of the Revolving Facility Letter and ending on 31 March 2010.

The foresaid continuing connected transaction has been reviewed by independent non-executive directors. The independent non-executive directors confirmed that the continuing connected transaction set out in above was entered into:

1. in the ordinary and usual course of business of the Company;

2. either on normal commercial terms or on terms no less favorable to the Company than terms available to or from independent third parties; and

3. in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules in respect of the above transactions.

Save as disclosed herein, there were no other transactions required to be disclosed as connected transactions and/or continuing connected transactions in accordance with the requirements of the GEM Listing Rule.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the year ended 31 March 2008 except that: (i) no nomination committee of the Board is established.

No nomination committee was established by the Company. The Board is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Board will review the qualifications of the relevant candidate for determining the suitability to the Group on the basis of his qualifications, experience and background.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 March 2008.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 18 October 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. During the year, the Committee comprises the three independent non-executive directors of the Company, namely, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Wing Chiu. During the year, the audit committee held four meetings to review and supervise the financial reporting process, and to provide advice and recommendations to the board of directors. The financial statements of the Group for the year ended 31 March 2008 have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made. Mr. Chan Wing Chiu resigned on 1 May 2008 and was replaced by Mr. Chan Kai Wing.

The Group's unaudited quarterly and interim results and annual audited results for the year ended 31 March 2008 have been reviewed by the audit committee during the year, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 25 June 2008

As at the date of this announcement, Mr. Chan Francis Ping Kuen, Mr. Hsu Tung Sheng, Mr. Hsu Tung Chi and Mr. Chan Hin Wing, James are executive directors of the Company, Dr. Ho Hoi Lap is a non-executive director and chairman of the Company, and Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Chan Kai Wing are independent non-executive directors of the Company.

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.