

ThinSoft

THINSOFT (HOLDINGS) INC
博軟(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8096)



INTERIM REPORT 2007

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.

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of ThinSoft (Holdings) Inc 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 ThinSoft (Holdings) Inc. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The board of directors of ThinSoft (Holdings) Inc (the "Company") is pleased to announce the following unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 June 2007 together with the comparative figures for the corresponding periods in last financial year.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenue	3	3,711	4,706	8,512	10,192
Cost of sales		(617)	(689)	(1,197)	(2,115)
Gross profit		3,094	4,017	7,315	8,077
Other income	3	332	268	700	504
Selling and distribution expenses		(415)	(131)	(729)	(286)
General and administrative expenses		(2,491)	(2,762)	(5,328)	(5,774)
Profit before tax	5	520	1,392	1,958	2,521
Tax	6	(470)	(729)	(1,138)	(1,372)
Profit for the period		50	663	820	1,149
Earnings per share	8				
Basic		HK0.01 cent	HK0.13 cent	HK0.16 cent	HK0.23 cent
Diluted		N/A	HK0.13 cent	N/A	HK0.22 cent

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2007 HK\$'000 (Unaudited)	At 31 December 2006 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Deferred tax assets	6	1,745	2,649
Available-for-sale investment	9	8,731	818
		10,476	3,467
CURRENT ASSETS			
Inventories	10	347	332
Accounts receivable	11	265	416
Prepayments, deposits and other receivables		277	1,012
Cash and cash equivalents	12	28,810	36,059
		29,699	37,819
CURRENT LIABILITIES			
Accounts payable	13	373	393
Accrued liabilities and other payables		4,170	5,317
Due to ultimate holding company		–	703
Tax payable		628	801
		5,171	7,214
NET CURRENT ASSETS			
		24,528	30,605
		35,004	34,072
EQUITY			
Issued share capital		25,063	25,063
Reserves		9,941	9,009
		35,004	34,072

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Total equity HK\$'000
	Issued share capital HK\$'000	Share premium account HK\$'000	Exchange translation reserve HK\$'000	Capital reserve HK\$'000	Accumu- lated losses HK\$'000	Total reserves HK\$'000	
At 1 January 2006	25,063	8,635	1,226	6,840	(13,733)	2,968	28,031
Profit for the period	-	-	-	-	1,149	1,149	1,149
At 30 June 2006	25,063	8,635	1,226	6,840	(12,584)	4,117	29,180
At 1 January 2007	25,063	8,635	2,490	6,840	(8,956)	9,009	34,072
Exchange realignment	-	-	112	-	-	112	112
Profit for the period	-	-	-	-	820	820	820
At 30 June 2007	25,063	8,635	2,602	6,840	(8,136)	9,941	35,004

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	2007	For the six months ended 30 June 2006
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(218)	1,835
Net cash (used in)/generated from investing activities	(7,209)	504
Net (decrease)/increase in cash and cash equivalents	(7,427)	2,339
Cash and cash equivalents at beginning of period	36,059	27,655
Effect of foreign exchange rate changes	178	–
Cash and cash equivalents at end of period	28,810	29,994
Analysis of balances of cash and cash equivalents		
Cash and bank balances	28,810	29,994

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group's unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 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") and with Hong Kong Accounting Standards 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the unaudited consolidated results are consistent with those used in the 2006 audited financial statements.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after allowances for return and trade discounts, and applicable goods and service taxes. All significant transactions among the companies comprising the Group have been eliminated on consolidation.

An analysis of the Group's revenue and other income is as follows:

		For the three months ended 30 June 2006 HK\$'000		For the six months ended 30 June 2006 HK\$'000
	2007 HK\$'000		2007 HK\$'000	
Revenue:				
Sale of goods	3,711	4,706	8,512	10,192
Other income:				
Bank interest income	332	268	700	504
	4,043	4,974	9,212	10,696

4. SEGMENT INFORMATION

(a) Business segments

The following table presents revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the six months ended 30 June 2007 and 2006.

	Software		Upgrade kits		Vertical market solutions		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	6,784	6,055	1,647	3,164	81	973	8,512	10,192
Segment results	3,162	3,100	593	1,273	(15)	(146)	3,740	4,227
Interest and allocated gains							700	504
Unallocated expenses							(2,482)	(2,210)
Profit before tax							1,958	2,521
Tax							(1,138)	(1,372)
Profit for the period							820	1,149
Segment assets	349	287	347	354	-	-	696	641
Unallocated assets							39,479	33,259
Total assets							40,175	33,900
Segment liabilities	-	-	507	444	14	14	521	458
Unallocated liabilities							4,650	4,262
Total liabilities							5,171	4,720
Other segment information								
Depreciation	-	1	-	-	-	-	-	1

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

	HK and China		Europe		US		Singapore		Singapore		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	25	56	4,088	2,947	3,216	5,030	8	10	832	635	343	1,514	8,512	10,192
Other segment information:														
Segment assets	1,726	4,574	-	-	11,669	6,773	16,304	19,484	-	-	-	-	29,699	30,831
Unallocated assets													10,476	3,069
Total assets													40,175	33,900

5. PROFIT BEFORE TAX

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

	2007 <i>HK\$'000</i>	For the three months ended 30 June 2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	For the six months ended 30 June 2006 <i>HK\$'000</i>
Costs of inventory sold and services provided	616	689	1,197	2,115
Auditors' remuneration	117	79	234	184
Depreciation	–	–	–	1
Interest income	(332)	(268)	(700)	(504)
Staff costs, excluding directors' remuneration:				
Wages and salaries	785	660	1,472	1,370
Pension scheme contributions	42	38	82	80
	827	698	1,554	1,450
Minimum lease payments under operating leases in respect of land and buildings to:				
The ultimate holding company	92	84	184	169
An independent third party	7	7	14	14
	99	91	198	183
Exchange losses, net	45	975	366	1,324

6. TAX AND DEFERRED TAX ASSETS

	2007 <i>HK\$'000</i>	For the three months ended 30 June 2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	For the six months ended 30 June 2006 <i>HK\$'000</i>
Current:				
Hong Kong	–	–	–	–
Outside Hong Kong	9	156	234	307
	9	156	234	307
Deferred	461	573	904	1,065
Total tax charge for the period	470	729	1,138	1,372

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong during the period.

ThinSoft Pte Ltd, a wholly-owned subsidiary incorporated in Singapore, is subject to Singapore income tax. Singapore income tax has been provided at the rate of 20% (2006: 20%) on the estimated assessable profits arising in Singapore for the period ended 30 June 2007.

ThinSoft (USA) Inc is a company incorporated in the State of Delaware in the United States of America. During the period under review, it has been operating in the State of New York and California in the United States of America and is subject to the United States federal income tax at progressive rates ranging from 15% to 39% (2006: 15% to 39%), New York state corporate tax at a rate of 7.5% (2006: 7.5%) and California state corporate tax at a rate of 8.84% (2006: 8.84%), respectively, on its estimated assessable profits arising on a world wide basis.

7. DIVIDENDS

No dividend has been paid or declared by the Company or any of the companies comprising the Group during the period ended 30 June 2007 (2006: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months and six months ended 30 June 2007 are based on the profit for the period attributable to ordinary equity holders of the Company of HK\$50,000 (2006: HK\$663,000) and HK\$820,000 (2006: HK\$1,149,000), and the 501,255,000 (2006: 501,255,000) and 501,255,000 (2006: 501,255,000) ordinary shares in issue during the period.

No diluted earnings per share for the three months and six months ended 30 June 2007 are presented as there are no outstanding share options as at 30 June 2007.

The calculation of diluted earnings per share for the three months and six months ended 30 June 2006 are based on the profit for the period attributable to ordinary equity holders of the Company of HK\$663,000 and HK\$1,149,000, and the weighted average number of 522,465,619 and 522,926,365 ordinary shares in issue during the period, adjusted for the effects of all dilutive potential shares.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share for the three months and six months ended 30 June 2006 are calculated based on the 501,255,000 and 501,255,000 ordinary shares in issue during the period plus the weighted average of 21,210,619 and 21,671,365 ordinary shares deemed to be issued at no consideration as if all of the Company's outstanding share options have been exercised.

9. AVAILABLE-FOR-SALE INVESTMENT

	At 30 June 2007 HK\$'000 (Unaudited)	At 31 December 2006 HK\$'000 (Audited)
Unlisted equity investments, at cost	8,731	818

The investments consist of an investment in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate and the subscription for the shares of Vietnam Emerging Market Fund Limited.

As at 30 June 2007, the carrying amount of the unlisted equity investments of the Group were stated at cost less any accumulated impairment losses because the variability in the range of reasonable fair value estimates is so significant that the directors are of the opinion that the probabilities of the various estimates required to arrive at the fair value cannot be measured reliably.

10. INVENTORIES

	At 30 June 2007 HK\$'000 (Unaudited)	At 31 December 2006 HK\$'000 (Audited)
Raw materials	335	328
Finished goods	12	4
	347	332

11. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly payment in advance, except for major customers, where payment is on credit. The credit period is generally 30 days. Each customer has a credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

An aged analysis of accounts receivable at the balance sheet date, based on invoice date, is as follows:

	At 30 June 2007 HK\$'000 (Unaudited)	At 31 December 2006 HK\$'000 (Audited)
Within 30 days	256	404
Between 31 to 60 days	3	9
Between 61 to 90 days	6	3
	265	416

12. CASH AND CASH EQUIVALENTS

	At 30 June 2007 HK\$'000 (Unaudited)	At 31 December 2006 HK\$'000 (Audited)
Cash and bank balances	2,177	1,189
Time deposits	26,633	34,870
	28,810	36,059

13. ACCOUNTS PAYABLE

An aged analysis of accounts payable as at the balance sheet date, based on invoice date, is as follows:

	At 30 June 2007 HK\$'000 (Unaudited)	At 31 December 2006 HK\$'000 (Audited)
Within 30 days	36	18
Between 31 to 60 days	–	2
Between 61 to 90 days	–	1
Between 91 to 180 days	337	372
	373	393

The accounts payable are non-interest-bearing and are normally settled on 30 to 90 days terms.

14. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations review

The Company is dedicated to developing the quality of its products and by extension therefore, the quality of its revenue streams and profitability. As a consequence of this dedication to quality, the Group's management is steering sales efforts more toward higher profit margin software sales than toward lower profit margin products which contain hardware elements. Therefore, while total revenues for the period for the first six months are lower when compared to last year, the quality of the revenues has improved as reflected in stronger gross profit margins for that period.

An additional albeit longer term benefit of steering away from hardware-related sales will be the ultimate positive effect on working capital (inventory) and logistics (component sourcing and procurement activities).

A more detailed review of revenues shows that sales in Europe for the period under review increased to HK\$4 million, 38.7% better than the first half of 2006. This latest result affirms that Europe is the single largest global market segment for the Group, accounting for 48% of total sales. In all, the Group's total revenues decreased 16.5% in the period under review.

ThinSoft continues to be the market leader in the development of thin-computing solutions throughout its global markets. A recent customer service review by the Group's service component in the United States showed that an increase in the diversity of new customers. As ThinSoft's new Microsoft Vista based flagship product line gains momentum in the market place, significant positive feedback has been received and logged by word-of-mouth exchanges with hundreds of new customers. These exchanges are strong indicators that the Group's suite of thin-computing solutions is well established as the leaders in the mindsets of our existing and new customers.

Financial review

Turnover from the sales of software for the period ended 30 June 2007 increased by approximately 12% to approximately HK\$6.8 million when compared to last year of approximately HK\$6.1 million.

Overall turnover for the six months ended 30 June 2007 decreased by 16.5% to approximately HK\$8.5 million when compared to last year of approximately HK\$10.2 million.

Sales in Europe amounted to approximately HK\$4.1 million or 48% of total turnover and represents the largest single geographic market for the Group for the period ended 30 June 2007.

Gross profit margin for the period ended 30 June 2007 increased to approximately 85.9% as compared with approximately 79.2% in the corresponding previous period. The increase in gross margin was attributable to increase sales of software products which have relatively higher margins.

General and administrative expenses in the period under review decreased to approximately HK\$5.3 million when compared to approximately HK\$5.8 million incurred in the previous corresponding period. The decrease was the result of decrease in exchange difference realized during the period under review.

The Group consequently registered a profit attributable to shareholders for the period under review of approximately HK\$0.8 million.

The Group continues to be in a strong financial position. Cash and bank balances as at 30 June 2007 were approximately HK\$28.8 million (31 December 2006: approximately HK\$36.1 million). There were no bank borrowings as at 30 June 2007 (31 December 2006: Nil).

Capital structure

There has been no change in the capital structure of the Company during period under review. The capital of the Company comprises only ordinary shares. The Company and the Group has no borrowing and long-term debts.

Significant investments

The Group has entered into a subscription agreement with Vietnam Emerging Market Fund Limited on 27 February 2007 to subscribe for the shares at a subscription price of US\$10 per share and at a total consideration of US\$1,000,000 (equivalent to approximately HK\$7,810,320). The subscription constitutes a disclosable transaction of the Company under Chapter 19 of the GEM Listing Rules. It was announced on 7 March 2007 on GEM website. The circular was issued on 28 March 2007 to the shareholders of the Company.

Apart from the above, as at 30 June 2007, the Group did not have any significant investments.

Material acquisitions and disposals of subsidiaries/Future plans for material investment

There had been no material acquisitions and disposals during the period. At present, the Company and the Group have no plans for material investments or capital assets.

Gearing ratio

As at 30 June 2007, the Group did not have any long-term debts and its shareholders' funds amounted to approximately HK\$35 million. In this regard, the Group had a net cash position and its gearing ratio should be zero (net debt to shareholders' funds) as at 30 June 2007.

Liquidity and financial resources

The Group generally financed its operations with internally generated cash flows.

As at 30 June 2007, the Group had cash and cash equivalents of approximately HK\$28.8 million as compared to approximately HK\$36.1 million as at 31 December 2006.

Foreign exchange exposure

It is the Group's policy to deposit in local currencies to minimise currency risk.

Charges on Group assets

As at 30 June 2007, the Group did not have any charges on its assets.

Contingent liability

The Group did not have any significant contingent liabilities as at 30 June 2007.

Segmental information

The segmental information of the Group's products is set out on page 6 of this report.

Employees

As at 30 June 2007, the Group had 17 full-time employees. The aggregate remuneration of the Group's employees, including that of the directors, for the period under review and the previous period amounted to approximately HK\$2.8 million and approximately HK\$2.7 million respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Each of the executive directors has entered into a service contract with the Company for the term of three years commencing from 27 February 2005 and expiring on 26 February 2008. Under the service contracts, after each completed year of service, the remuneration payable to each of them may, subject to the discretion of the directors and they will each be entitled to a discretionary bonus provided that the audited consolidated profit after taxation and minority interests (and after the payment of such bonus) but before extraordinary items (the "Profit") of the Group for the relevant year exceeds HK\$10 million and further that the total amount of bonuses payable to all the directors for such year shall not exceed 5% of the Profit.

At the date of this report, no share options have been granted under the post-IPO share option scheme adopted by the Company on 2 February 2002.

Save as disclosed hereof, no information on relation to the Group's performance has changed materially from the information disclosed in the Company's 2006 annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2007, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of the Stock Exchange (the "GEM Listing Rules"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Capacity and nature of interest	Percentage of the Company's issued share capital
Ngiam Mia Hai Bernard	Other	(note)
Ngiam Mia Hong Alfred	Other	(note)

Note: IPC Corporation Ltd ("IPC"), the ultimate holding company of the Company, is a company incorporated under the laws of Singapore and whose securities are listed on the Singapore Exchange Securities Trading Limited. As at 30 June 2007, approximately 63.7% of the issued share capital of IPC was held by the public. As at 30 June 2007, IPC held approximately 74.81% (or 375,000,000 ordinary shares) of the issued share capital of the Company.

As at 30 June 2007, each of Ngiam Mia Hai Bernard and Ngiam Mia Hong Alfred directly held approximately 1.4% and 1.3%, respectively, in the issued share capital of IPC.

Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin are the brothers of Ngiam Mia Hai Bernard and Ngiam Mia Hong Alfred. As at 30 June 2007, Ngiam Mia Je Patrick, Ngiam Mia Kiat Benjamin and Essex Investment (Singapore) Pte Ltd (whose entire issued share capital is held by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in the proportion of 50:50) together beneficially owned approximately 12.2% of the issued share capital of IPC.

Save as disclosed above, as at 30 June 2007, none of the directors or chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2007, the following person had interests or short positions in the shares and underlying shares of the Company which as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position

Name	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
IPC	Directly beneficially owned	375,000,000	74.81

Save as disclosed above, as at 30 June 2007, there was no person (other than the directors and chief executive of the Company whose interests are set out under the paragraph headed "Directors' and chief executive's interests and short position in shares, underlying shares and debentures" above), had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period ended 30 June 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

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 Company's directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the directors throughout the period ended 30 June 2007.

COMPETING INTERESTS

None of the directors or the management shareholders and their respective associates of the Company (as defined in the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group nor any other conflicts of interest with the Group during the period under review.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprises three members, Mr Chen Tzyh-Trong, Mr Lee Chung Mong, and Mr Yeung Chi Hung. All of them are independent non-executive directors of the Company.

The Group's unaudited results for the six months ended 30 June 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

DIRECTORS OF THE COMPANY

Executive directors of the Company as at the date of this report are Mr Ngiam Mia Hai Bernard and Ngiam Mia Hong Alfred and the independent non-executive directors of the Company as at the date of this report are Mr Chen Tzyh-Trong, Mr Lee Chung Mong, and Mr Yeung Chi Hung.

ON BEHALF OF THE BOARD

Ngiam Mia Hai Bernard

Chairman

Hong Kong, 6 August 2007