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ThinSoft

THINSOFT (HOLDINGS) INC
博軟(控股)有限公司

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

DISCLOSEABLE TRANSACTION

On 27 February 2007, ThinSoft Pte Ltd, a wholly owned subsidiary of the Company, entered into the Subscription Agreement for the Subscription of 100,000 shares in VEMF of US\$0.01 each at the consideration of US\$1,000,000.00.

The Subscription constitutes a discloseable transaction of the Company for the purposes of the GEM Listing Rules. A circular containing details of the Subscription will be dispatched to the shareholders as soon as practicable and in any event within 21 days after publication of this announcement.

SUBSCRIPTION AGREEMENT DATED 27 FEBRUARY 2007 (“SUBSCRIPTION AGREEMENT”)

Parties

Subscriber : ThinSoft Pte Ltd, a wholly owned subsidiary of the Company; and
Vietnam Emerging Market Fund Limited (“VEMF”) : an exempted company incorporated on 25 September 2006 with limited liability under the laws of the Cayman Islands.

Background of VEMF and shares to be subscribed

The shares (“**Subject Shares**”) in VEMF to be subscribed (“**Subscription**”) are 100,000 ordinary shares of US\$0.01 each at a subscription price of US\$10.00 per share.

According to the placing memorandum (“**Placing Memorandum**”) in relation to the placement of up to 3,000,000 ordinary shares of US\$0.01 each at a price of US\$10.00 per share (“**VEMF Placement**”) issued by VEMF in December 2006, VEMF has an authorized share capital of US\$50,000 consisting of 4,999,000 ordinary shares of par value of US\$0.01 each, and 1,000 management shares (“**Management Shares**”) of par value of US\$0.01 each respectively. VEMF is an investment holding company which main objective is to achieve superior long-term financial returns from capital appreciation and dividend income for its investors via investments in Vietnamese companies. The assets of VEMF shall be managed by Vietnam Asset Management Limited (“**Investment Manager**”), a company incorporated with limited liability under the laws of the British Virgin Islands on 26 May 2006. VEMF shall invest in the existing

and newly issued equity, debt and any other equity-linked securities of listed or unlisted companies that are based in Vietnam or that have substantial operations, sales or asset exposure linked to the economy, assets or currency of Vietnam (as determined by the Investment Manager). The Management Shares are currently held by the Investment Manager.

To the best of the knowledge, information and belief of the directors (“**Directors**”) of the Company, having made all reasonable enquiry, (i) VEMF and its ultimate beneficial owners (being the Investment Manager and the subscribers of the ordinary Shares of VEMF pursuant to the Placing Memorandum), are third parties independent (“**Independent Third Parties**”) of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”)); and (ii) the ultimate beneficial owners of the Investment Manager are Independent Third Parties.

The executive chairman of the Investment Manager has over 20 years experience in investment banking and private equity business while the managing director of the Investment Manager had, before joining the Investment Manager, been working at a global investment fund for nearly 10 years and involved in co-managing private and public equity funds and analyzing and evaluating private and public investment opportunities in Taiwan, Korea and Vietnam.

Consideration and payment term

The consideration (“**Consideration**”) for the Subscription is US\$1,000,000 (equivalent to approximately HK\$7,810,320). The Consideration had been remitted by ThinSoft Pte Ltd to the designated bank account of VEMF before 5:00 p.m. (Vietnam time) on 28 February 2007, i.e. the closing date (“**Closing Date**”).

The Consideration was arrived at arm’s length negotiations and had been conducted on normal commercial terms. In fact, the Consideration was the offer price of the ordinary shares in VEMF set out in the Placing Memorandum and is a fixed offer price of such ordinary shares in VEMF payable by all subscriber(s) for ordinary shares in VEMF pursuant to the Placing Memorandum. The Consideration will be financed by internal resources of the Company.

Principal terms of the Subscription

The principal terms of the Subscription set out in the Placing Memorandum and the Subscription Agreement which are distributed to and applicable to all subscribers under the VEMF Placement are, among others, as follows:

Terms of the Placing Memorandum

1. VEMF has been established for an unlimited duration. However, the board of directors of VEMF intends to convene an extraordinary general meeting of VEMF in 2009 to put up a special resolution to wind up VEMF. If the shareholders of VEMF do not decide to wind up VEMF by special resolution, VEMF will continue to operate. The board of directors of VEMF intends that a similar resolution will be proposed at an extraordinary general meeting to be convened each third subsequent year thereafter.
2. The minimum individual subscription in VEMF is US\$100,000, which may be waived at the sole discretion of VEMF’s directors.

3. The board of directors of VEMF may from time to time declare dividends to the shareholders of VEMF as it appears appropriate to the board of directors of VEMF. No dividend payable by VEMF on or in respect of any shares in VEMF will bear interest against VEMF.
4. The board of directors of VEMF has intention, in its sole discretion, to distribute realised profits, if any, from sales of investments, to the shareholders of VEMF on an annual basis until the original equity portions contributed by its shareholders are fully repaid or until VEMF is listed on a recognised exchange. No capital distribution payable by VEMF on or in respect any of its shares will bear interest against VEMF.

During a financial year, the Investment Manager reserves the right in its sole discretion to invest and reinvest all proceeds from the disposition of investments of VEMF in new or existing portfolio companies consistent with the investment objectives and policies of VEMF and to use such proceeds to pay the expenses of VEMF.

5. Shareholders have no right to require their shares in VEMF to be redeemed by VEMF.
6. VEMF shall pay the Investment Manager a monthly management fee of one-twelfth of two per cent of the net asset value of VEMF (“**Net Asset Value**”), being the total assets of VEMF less the total liabilities of VEMF calculated as at the close of business in the last relevant market to close on each valuation point which is 5:00 p.m. (Vietnam time) of the last Vietnamese business day in each month and such other days as VEMF may determine (“**Valuation Point**”). The fee is accrued daily and be payable monthly in advance on the first business day of such month and be calculated by reference to the Valuation Point at the end of the preceding month.

The Investment Manager, under certain circumstances, will be entitled to a performance fee which will be fifteen per cent of the annual increase in the Net Asset Value.

7. The valuations of assets and liabilities of VEMF will be made in US dollars. VEMF will value its assets in accordance to International Financial Reporting Standards.

VEMF’s year-end is 31 December and audited financial statements will be sent to each of its shareholders within six months of the end of the relevant financial year. VEMF will also send half-yearly unaudited interim reports to each shareholder of VEMF within four months of the end of the relevant half-year.

8. All of the ordinary shares of VEMF have the same rights, whether in regard to voting, dividends, return of share capital and otherwise. The Management Shares have only the following rights for so long as any ordinary shares of VEMF are in issue:
 - (i) the Management Shares shall not be redeemed by VEMF, and do not carry any right to dividends;
 - (ii) in a winding up, the Management Shares are entitled to a return of paid up nominal capital out of the assets of VEMF, but only after the return of nominal capital paid up on the ordinary shares of VEMF; and

- (iii) the holders of the Management Shares have the exclusive rights to appoint three individuals to the board of VEMF and to nominate such individuals to be the executive directors of VEMF at any time when VEMF does not have an investment manager or at any time that such investment manager is unrelated to the holders of the Management Shares.

Terms of the Subscription Agreement

1. Subscription monies would be remitted by the Subscriber to the designated bank account of VEMF not later than 5:00 p.m. (Vietnam time) on the Closing Date. Subscription would be considered to have been validly received if irrevocable transfer instructions have been given to the Company's bank not later than 5:00 p.m. (Vietnam time) on the Closing Date.
2. The Subscriber has, upon the payment of an administration charge, the right to access to, and to update, all its records held by the Investment Manager.
3. The Investment Manager may disclose and transfer the information disclosed by the Subscriber in the Subscription Agreement to relevant parties in connection with the Subscriber's investment in VEMF.
4. The Subscriber may not create or permit to subsist any mortgage, charge, pledge, lien, encumbrance or other security interest in respect of all or any of the Subject Shares or agree to do any of the foregoing.
5. The Subscriber may not sell or otherwise assign or transfer all or any of the Subject Shares unless the Subscriber has complied with the transfer restrictions set forth in the memorandum and articles of association of VEMF.
6. Any redemption moneys, dividends, repayments or other money payable in cash in respect of the Subject Shares may be paid by telegraphic transfer to a bank account of the Subscriber and designated by the Subscriber in writing by notice.
7. The Subscriber recognizes that VEMF may not be listed on any stock exchanges.
8. The Subscription Agreement is governed by Cayman Islands laws.

REASONS FOR THE SUBSCRIPTION

The group (“**Group**”) of which the Company forms part is principally engaged in the research, development, sales and marketing of Thin Computing solutions products that centralize application processing and management of data storage for all users, which include software and hardware accessories, and the provision of related customerization engineering work. According to the audited financial statement for the year ended 31 December 2006 of the Group, the Group had cash and cash equivalent of HK\$36,058,765 which was mainly placed as short term time deposits when there was no immediate cash requirement of the Group. The Directors consider that the investment in the Subject Shares represents a good investment opportunity for the Group. Having regarded that the Vietnamese market has a sound future potential growth in the economy of the South East Asia, the Directors believe that it would be beneficial to the Group to invest in the Subject Shares which will generate a higher yield than placing bank deposit.

Further, the Directors also intend to explore business opportunity in Vietnam through the investment in VEMF. However, the Company has no representation on the board of directors of VEMF and will not participate in the daily operation of VEMF. Upon completion of the Subscription, the investment of US\$1,000,000 (approximately HK\$7,810,320) in the Subject Shares will form part of the non-current assets of the Group which will be classified as “available-for-sale investment” of the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Subscription constitutes discloseable transaction for the purposes of the GEM Listing Rules. A circular giving details of the Subscription will be sent to the shareholders of the Company as soon as practicable and in any event within 21 days after publication of the announcement.

LIST OF ALL DIRECTORS OF THE COMPANY AS AT THE DATE OF THIS ANNOUNCEMENT

Executive Directors:

Mr. Ngiam Mia Hai Bernard
Mr. Ngiam Mia Hong Alfred

Independent non-executive Directors:

Mr. Chen Tzyh-Trong
Mr. Lee Chung Mong
Mr. Yeung Chi Hung

By Order of the Board
Ngiam Mia Hai Bernard
Chairman

Hong Kong, 7 March 2007

This announcement for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.thinsoftinc.com.