

ThinSoft

THINSOFT (HOLDINGS) INC
博軟(控股)有限公司

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

FIRST QUARTERLY REPORT

08



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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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2008 as follows:

RESULTS

		For the three months ended 31 March	
	Notes	2008	2007
		HK\$'000	HK\$'000
Revenue	2	5,170	4,801
Cost of sales		(605)	(580)
Gross profit		4,565	4,221
Other income		186	368
Selling and distribution expenses		(188)	(314)
Administrative expenses		(2,804)	(2,837)
Profit before tax		1,759	1,438
Tax	3	(688)	(668)
Profit for the period		1,071	770
Earnings per share attributable to equity holders of the Company	5		
Basic		HK0.21 cent	HK0.15 cent
Diluted		N/A	N/A

NOTES:**1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The first quarterly unaudited financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") (which also include all Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets.

2. REVENUE

Revenue 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.

3. TAX

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 18% (2007: 18%) on the estimated assessable profit arising in Singapore for the period ended 31 March 2008.

ThinSoft (USA) Inc is a wholly-owned subsidiary incorporated in the State of Delaware in the United States of America. During the period ended 31 March 2008, it has been operating in the states 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%, New York state corporate tax at a rate of 7.5% and California state corporate tax at a rate of 8.84%, respectively, on its estimated assessable profits arising on a worldwide basis.

4. DIVIDENDS

No dividend has been paid or declared by the Company or any of the companies comprising the Group during the period ended 31 March 2008 (2007: Nil).

5. EARNINGS PER SHARE**Basic**

The calculation of basic earnings per share for the three months ended 31 March 2008 is based on the profit attributable to equity holders of the Company of approximately HK\$1,071,000 (2007: HK\$770,000) and the 501,255,000 (2007: 501,255,000) ordinary shares in issue during the three months ended 31 March 2008.

Diluted

No diluted earnings per share for the three months ended 31 March 2008 and 2007 are presented as there are no outstanding share options as at 31 March 2008 and 2007.

6. RESERVES

	Share premium HK\$'000	Currency translation reserve HK\$'000	Capital reserve HK\$'000	Available- for-sale financial assets HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2007	8,635	2,489	6,840	-	(8,955)	9,009
Profit for the period	-	-	-	-	770	770
At 31 March 2007	8,635	2,489	6,840	-	(8,185)	9,779
At 1 January 2008	11,347	3,652	6,840	439	(8,585)	13,693
Currency translation differences	-	869	-	-	-	869
Profit for the period	-	-	-	-	1,071	1,071
At 31 March 2008	11,347	4,521	6,840	439	(7,514)	15,633

MANAGEMENT DISCUSSION AND ANALYSIS

Operations Review

More robust sales in the first quarter of 2008, particularly the Group's WinConnect and WinConnect Server products give rise to positive signals that the Group's products remain well positioned in the market. This was achieved despite the fact that most economic opinions have reflected generally pessimistic views of slowing global markets.

The Group understands that managing during potentially difficult times requires a keen focus on all elements of the business. We believe our first quarter results reflect the positive effects of that focus – improved sales, continued strong margins and effective cost containment.

In the quarter under review, overall performance contributed HK\$321,000, or 22.3%, more to pre-tax Profit than for the same period of last year. Sales strengthened while selling, general and administrative expenses were managed to lower levels when compared to a year ago.

Management has taken firm steps to increase revenues and profit contribution while containing costs and expenses wherever it is possible.

The Group will continue this business management philosophy throughout the coming periods.

Financial Review

Turnover from the sales of software for the period ended 31 March 2008 increased by approximately 12.5% to approximately HK\$4.1 million when compared to last year of approximately HK\$3.6 million.

Overall turnover for the three months ended 31 March 2008 increased by approximately 7.7% to approximately HK\$5.2 million when compared to last year of approximately HK\$4.8 million due to increase of sales of software.

Sales in Europe amounted to approximately HK\$2.5 million or 49.1% of total turnover and represents the largest single geographic market for the Group for the period ended 31 March 2008.

Gross profit margin for the period ended 31 March 2008 maintained at approximately 88.3%.

Administrative expenses likewise were maintained at the same level as year ago at HK\$2.8 million.

The Group consequently registered a profit attributable to equity holders of the Company for the period ended 31 March 2008 of approximately HK\$1.1 million (2007: approximately HK\$0.8 million).

The Group continues to be in a strong financial position. Cash and bank balances as at 31 March 2008 was approximately HK\$33.4 million (2007: approximately HK\$28.4 million). There were no bank borrowings as at 31 March 2008 (2007: Nil).

OTHER INFORMATION

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any association corporation

As at 31 March 2008, none of the directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its association corporations as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Directors' rights to acquire shares

Save as disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any association corporation" above, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial shareholders' interests and/or short positions in shares and underlying shares of the Company

As at 31 March 2008, the following person had interests and/or short positions in the shares and underlying shares of the Company which was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in ordinary shares of the Company:

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

As at 31 March 2008, 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 31 March 2008, 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 31 March 2008, no person had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company had not redeemed any of its shares during the period under review. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the three months ended 31 March 2008.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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 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 three months ended 31 March 2008 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, 7 May 2008