

# 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  
**2008**



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.**

*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") presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 June 2008 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	
	<i>Notes</i>	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Revenue	2	<b>3,812</b>	3,711	<b>8,982</b>	8,512
Cost of sales		<b>(491)</b>	(617)	<b>(1,096)</b>	(1,197)
Gross profit		<b>3,321</b>	3,094	<b>7,886</b>	7,315
Other income	2	<b>141</b>	332	<b>327</b>	700
Selling and distribution expenses		<b>(166)</b>	(415)	<b>(354)</b>	(729)
General and administrative expenses		<b>(6,065)</b>	(2,491)	<b>(8,869)</b>	(5,328)
Profit/(loss) before tax	4	<b>(2,769)</b>	520	<b>(1,010)</b>	1,958
Income tax expenses	5	<b>(308)</b>	(470)	<b>(996)</b>	(1,138)
Profit/(loss) for the period		<b>(3,077)</b>	50	<b>(2,006)</b>	820
Earnings/(loss) per share – basic	7	<b>HK(0.61) cent</b>	HK0.01 cent	<b>HK(0.4) cent</b>	HK0.16 cent

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	At 30 June 2008 HK\$'000 (Unaudited)	At 31 December 2007 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets	8	6,346	9,057
Deferred tax assets		412	628
		<b>6,758</b>	9,685
<b>CURRENT ASSETS</b>			
Inventories	9	400	316
Trade receivables	10	467	398
Prepayments, deposits and other receivables		394	321
Cash and cash equivalents	11	31,928	30,830
		<b>33,189</b>	31,865
<b>TOTAL ASSETS</b>		<b>39,947</b>	41,550
<b>CURRENT LIABILITIES</b>			
Trade payables	12	372	357
Accrued liabilities and other payables		1,623	2,323
Tax payable		522	114
		<b>2,517</b>	2,794
<b>NET CURRENT ASSETS</b>		<b>30,672</b>	29,071
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>37,430</b>	38,756
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		25,063	25,063
Share premium		11,347	11,347
Other reserves		11,611	10,930
Accumulated losses		(10,591)	(8,584)
<b>TOTAL EQUITY</b>		<b>37,430</b>	38,756

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Currency translation reserve HK\$'000	Available-for- sale-financial assets HK\$'000	Accumulated losses HK\$'000	
At 1 January 2007	25,063	8,635	6,840	2,490	-	(8,956)	34,072
Currency translation differences	-	-	-	112	-	-	112
Profit for the period	-	-	-	-	-	820	820
At 30 June 2007	25,063	8,635	6,840	2,602	-	(8,136)	35,004
At 1 January 2008	25,063	11,347	6,840	3,652	439	(8,585)	38,756
Currency translation differences	-	-	-	1,119	-	-	1,119
Reverse fair value adjustments recognised in previous year	-	-	-	-	(439)	-	(439)
Loss for the period	-	-	-	-	-	(2,006)	(2,006)
At 30 June 2008	25,063	11,347	6,840	4,771	-	(10,591)	37,430

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	113	(218)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	327	(7,209)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	440	(7,427)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	30,830	36,059
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	658	178
CASH AND CASH EQUIVALENTS AT END OF PERIOD	31,928	28,810
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
CASH AND BANK BALANCES	31,928	28,810

**NOTES****1. Principal accounting policies and 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 Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets.

The Group's unaudited consolidated results for the six months ended 30 June 2008 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the 2007 audited financial statements.

**2. Revenue and other income**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of allowance for return and trade discounts, and applicable goods and services taxes and after eliminating sales within the Group.

An analysis of the Group's turnover, which represents revenue from the sales of goods, and other income is as follows:

	<b>2008</b>	For the three months ended 30 June 2007	<b>2008</b>	For the six months ended 30 June 2007
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Revenue:				
Sale of goods	<b>3,812</b>	3,711	<b>8,982</b>	8,512
Other income:				
Bank interest income	<b>141</b>	332	<b>327</b>	700
	<b>3,953</b>	4,043	<b>9,309</b>	9,212





## (b) Geographical segments

The Group's revenue is mainly generated within Europe and the United States.

**Revenue**

	<b>2008</b>	For the six months ended 30 June 2007
	<b>HK\$'000</b>	HK\$'000
Europe	<b>4,617</b>	4,088
United States	<b>3,036</b>	3,216
Asia Pacific except Hong Kong, China and Singapore	<b>851</b>	832
Hong Kong and China	<b>210</b>	25
Singapore	<b>30</b>	8
Other countries	<b>238</b>	343
	<b>8,982</b>	8,512

Revenue is allocated based on the country in which the customer is located.

**Total assets**

	<b>2008</b>	For the six months ended 30 June 2007
	<b>HK\$'000</b>	HK\$'000
Singapore	<b>17,474</b>	16,305
Vietnam	<b>6,078</b>	7,907
United States	<b>8,949</b>	13,414
Hong Kong and China	<b>7,446</b>	2,549
	<b>39,947</b>	40,175

Total assets are allocated based on where the assets are located.

#### 4. Profit/loss before tax

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

	2008 HK\$'000	For the three months ended 30 June 2007 HK\$'000	2008 HK\$'000	For the six months ended 30 June 2007 HK\$'000
Costs of inventory sold and services provided	491	616	1,096	1,197
Auditors' remuneration	180	117	321	234
Interest income	(141)	(332)	(327)	(700)
Staff costs, excluding directors' remuneration:				
Wages and salaries	841	785	1,667	1,472
Pension scheme contributions	53	42	103	82
	<b>894</b>	827	<b>1,770</b>	1,554
Minimum lease payments under operating leases in respect of land and buildings to:				
The ultimate holding company	102	92	202	184
An independent third party	7	7	14	14
	<b>109</b>	99	<b>216</b>	198
Exchange losses, net	<b>446</b>	45	<b>688</b>	366

#### 5. Income tax expenses

	2008 HK\$'000	For the three months ended 30 June 2007 HK\$'000	2008 HK\$'000	For the six months ended 30 June 2007 HK\$'000
Current:				
Hong Kong	-	-	-	-
Outside Hong Kong	266	9	780	234
	<b>266</b>	9	<b>780</b>	234
Deferred	42	461	216	904
Total tax charge for the period	<b>308</b>	470	<b>996</b>	1,138

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 profits arising in Singapore for the period ended 30 June 2008.

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% (2007: 15% to 39%), New York state corporate tax at a rate of 7.5% (2007: 7.5%) and California state corporate tax at a rate of 8.84% (2007: 8.84%), respectively, on its estimated assessable profits arising on a world wide basis.

## 6. 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 2008 (2007: Nil).

## 7. Earnings/loss per share

The calculation of basic earnings per share for the three months and six months ended 30 June 2008 are based on the loss for the period attributable to ordinary equity holders of the Company of HK\$3,077,000 (2007: profit of HK\$50,000) and HK\$2,006,000 (2007: profit of HK\$820,000), and the 501,255,000 (2007: 501,255,000) and 501,255,000 (2007: 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 2008 and 2007 are presented as there are no outstanding share options as at 30 June 2008 and 2007.

## 8. Available-for-sale financial assets

	At 30 June 2008 HK\$'000 (Unaudited)	At 31 December 2007 HK\$'000 (Audited)
Beginning of the period/year	9,057	817
Net gains transfer to/(reverse from) equity	(439)	439
Exchange differences	472	365
Provision for impairment loss	(2,744)	(592)
Addition	–	8,028
<b>End of the period/year</b>	<b>6,346</b>	<b>9,057</b>
Available-for-sale financial assets include the following:–		
Unlisted equity investment in Hong Kong	269	254
Unlisted investment fund in Vietnam	6,077	8,803
	<b>6,346</b>	<b>9,057</b>

## 9. Inventories

	At 30 June 2008 HK\$'000 (Unaudited)	At 31 December 2007 HK\$'000 (Audited)
Raw materials	–	316
Finished goods	400	–
	<b>400</b>	<b>316</b>

## 10. Trade receivables

	At 30 June 2008 HK\$'000 (Unaudited)	At 31 December 2007 HK\$'000 (Audited)
Trade receivables	467	398
Less: provision for impairment of receivables	–	–
Trade receivable – net	<b>467</b>	<b>398</b>

The majority of the Group's sales are on-line sales through the Internet paid by credit cards. The remaining amounts are with credit terms of 60 days.

	At 30 June 2008 HK\$'000 (Unaudited)	At 31 December 2007 HK\$'000 (Audited)
Within 30 days	419	380
Between 31 to 60 days	20	4
Between 61 to 90 days	28	14
	<b>467</b>	<b>398</b>

Trade receivables that are less than three months past due are not considered impaired. They belong to the age group of 61 to 90 days of the above aging analysis.

## 11. Cash and cash equivalents

	At 30 June 2008 HK\$'000 (Unaudited)	At 31 December 2007 HK\$'000 (Audited)
Cash at bank and in hand	15,746	15,210
Time deposits	16,182	15,620
	<b>31,928</b>	<b>30,830</b>

## 12. Trade payables

At 30 June 2008 and 31 December 2007, the aging analysis of the trade payables, based on the invoice date, were as follows:

	At 30 June 2008 HK\$'000 (Unaudited)	At 31 December 2007 HK\$'000 (Audited)
Within 30 days	31	18
Between 31 to 60 days	7	–
Between 61 to 90 days	–	–
Between 91 to 180 days	334	339
	<b>372</b>	<b>357</b>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operation review

Continued good sales in the second quarter of 2008 and indeed throughout in the first six months of the year, form the foundation for positive results from the core business operations of the Group. Sales have grown this year in comparison to the prior year and gross profits remained strong from the Group's well established products, particularly Winconnect and WinConnect Server. Other factors, however, were not as positive during the period under review. Losses from foreign exchange transactions and translation as well as a further impairment of a Group investment, both negatively impacted the overall results for the period under review.

Nonetheless, during an economic period that has proven to be very challenging for businesses of all sizes and in all sectors of the world, the Group takes pride in the fact that it has moved its performance forward quite effectively thus far this year. Group management attributes this to the favorable effect which its customers benefit from on their overall costs of computing expenditures. ThinSoft's products bring improvements to our existing and to our potentially new customers.

During coming periods, which will likely be just as challenging, if not more challenging, from a global economic perspective compared to the first half of 2008, the Group will concentrate on what it does, best, which is providing outstanding thin computing solutions to its clients. Additionally, management will contain costs and expenses at every opportunity.

### Financial review

Overall turnover from the six months ended 30 June 2008 increased by approximately 5.5% to approximately HK\$9 million when compared to the corresponding previous period of approximately HK\$8.5 million.

Turnover from the sale of software for the six months ended 30 June 2008 increased by approximately 13.8% to approximately HK\$7.7 million when compared to the same period of last year of approximately HK\$6.8 million.

Sales in Europe amounted to approximately HK\$4.6 million or 51.4% of total turnover and represents the largest single geographic market for the Group for the six-month period ended 30 June 2008.

Gross profit margin for the six-month period ended 30 June 2008 maintained at approximately 87.8%. Administrative expenses included HK\$2.7 million provision for impairment of fair value on available-for-sale financial assets.

The Group consequently registered a loss attributable to equity holders of the Company for the period under review of approximately HK\$2 million (2007: profit of approximately HK\$0.8 million). The loss is caused by the provision of HK\$2.7 million for impairment of fair value on available-for-sale financial assets.

The Group continues to be in a strong financial position. Cash and bank balances as at 30 June 2008 was approximately HK\$31.9 million (31 December 2007: approximately HK\$30.8 million). There were no bank borrowings as at 30 June 2008 (31 December 2007: 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 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 discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. It was announced on 7 March 2007 on the GEM website. The circular was issued on 28 March 2007 to the shareholders of the Company. The fair value of the investment was decreased by approximately HK\$2.7 million to approximately HK\$6.1 million as at 30 June 2008 as compared to fair value of approximately HK\$8.8 million at 31 December 2007. The Directors expect that the performance of the investment will be in line with similar investments, however, the inherent uncertainty of today's global economic conditions must be a consideration.

Apart from the above, as at 30 June 2008, the Group did not have any significant investments.

### Material acquisitions and disposals of subsidiaries/Future plans for material investments

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

### Gearing ratio

As at 30 June 2008, the Group did not have any long-term debts and its shareholders' funds amounted to approximately HK\$37.4 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 2008.

### Liquidity and financial resources

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

As at 30 June 2008, the Group had cash and cash equivalents of approximately HK\$31.9 million as compared to approximately HK\$30.8 million as at 31 December 2007.

### Foreign exchange exposure

The functional currency of ThinSoft Pte Ltd, a subsidiary of the Group, is Singapore dollar. It is exposed to foreign exchange risk in US dollar mainly arising from the US dollar deposits placed with a reputable bank and the unlisted investment fund in Vietnam which is denominated in US dollar and held by ThinSoft Pte Ltd.

To manage the foreign exchange risk arising from recognised assets as mentioned above, the Group took steps to ensure that the US dollar deposits placed with the bank and its unlisted investment fund in Vietnam are within the limit set by the Group.

### Charges on Group assets

As at 30 June 2008, 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 2008.

### Segmental information

The segmental information of the Group's products is set out on pages 6 and 7.

## Employees

As at 30 June 2008, 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\$3.2 million and approximately HK\$2.8 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 2008 and expiring on 26 February 2011. 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, be adjusted 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.

Each of the executive directors has tendered a resignation letter to the Company which resignation shall take effect from the closing date of the unconditional mandatory general offer made by Kingston Securities Limited on behalf of Inno Smart Group Limited ("Inno Smart") to acquire all the issued shares in the Company (other than those shares already owned or agreed to be acquired by Inno Smart, Mr. Yu Dennis Won Kong, Mr. Yue Wai Keung or parties acting in concert with any one of them) ("Offer"). Please refer to the joint announcements dated 4 June 2008, 14 July 2008 and 21 July 2008 and the composite offer document dated 21 July 2008 of the Company and Inno Smart for further details of the Offer.

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.

Other remuneration and benefits, including retirement benefits scheme, remained at appropriate level.

Save as disclosed hereof, no information on relation to the Group's performance has changed materially from the information disclosed in the Company's 2007 annual report.

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

As at 30 June 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 associated 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.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 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	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Inno Smart Group Limited ("Inno Smart") (note 1)	Beneficial interest	375,000,000	74.81%
Strong Choice Investments (Holdings) Ltd ("Strong Choice") (note 2)	Interest of controlled corporation	375,000,000	74.81%
Yu Won Kong, Dennis ("Mr. Yu") (note 2)	Beneficial interest	14,440,000	2.88%
	Interest of a controlled corporation	375,000,000	74.81%
Ho Siu Lan Sandy ("Ms. Ho") (note 2)	Family interest	389,440,000	77.69%
Billion Sky Resources Limited ("Billion Sky") (note 3)	Interest of a controlled corporation	375,000,000	74.81%
Yue Wai Keung ("Mr. Yue") (note 3)	Interest of a controlled corporation	375,000,000	74.81%
Man Wing Tuen ("Ms. Man") (note 3)	Family interest	375,000,000	74.81%
IPC Corporation Ltd ("IPC") (note 4)	Beneficial interest	375,000,000	74.81%

### Short position in ordinary shares of the Company

Name	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
IPC (note 4)	Beneficial interest	375,000,000	74.81%



*Notes:*

1. Inno Smart is owned as to 50% by Strong Choice and 50% by Billion Sky. For the purpose of Part XV of the SFO, each of Strong Choice and Billion Sky is deemed to be interested in the shares of the Company held by Inno Smart.
2. Strong Choice is wholly owned by Mr. Yu. Ms. Ho is the spouse of Mr. Yu. For the purpose of Part XV, Mr. Yu is deemed to be interested in the shares of the Company which Strong Choice is interested in and Ms. Ho is deemed to be interested in the shares of the Company which Mr. Yu is interested in.
3. Billion Sky is wholly owned by Mr. Yue. Ms. Man is the spouse of Mr. Yue. For the purpose of Part XV, Mr. Yue is deemed to be interested in the shares of the Company which Billion Sky is interested in and Ms. Man is deemed to be interested in the shares of the Company which Mr. Yue is interested in.
4. On 20 May 2008, IPC as vendor and Inno Smart as purchaser entered into a sale and purchase agreement in respect of 375,000,000 shares of the Company. On 14 July 2008, completion took place. For the purpose of Part XV to the SFO, as at 30 June 2008, IPC had both a long position and a short position in respect of such shares of the Company.

As at 30 June 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 30 June 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 30 June 2008, there was no person 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 six-month period ended 30 June 2008, 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 the required standard of dealings and the Company's code of conduct regarding securities transactions by the directors throughout the six-month period ended 30 June 2008.

## **COMPETING INTEREST**

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 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 has 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  
31 July 2008