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# ThinSoft

**THINSOFT (HOLDINGS) INC**  
**博軟(控股)有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8096)**

## **DISCLOSEABLE TRANSACTION PROVISION OF LOAN TO KIU HUNG ENERGY HOLDINGS LIMITED**

On 1 December 2008, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to advance to the Borrower a loan of HK\$5,500,000 for a period of 12 calendar months. The effective interest rate of the Loan will be 11% per cent per annum.

As the relevant percentage ratios in respect of the provision of Loan exceeds 5% but is less than 25%, the Loan is regarded as a discloseable transaction of the Company under Rule 19.33 of the GEM Listing Rules.

Given that the Loan also represents more than 8% of the consolidated total asset value of the Company, the Loan is also subject to the disclosure requirements under Rule 17.17 of the GEM Listing Rules. The Company will continue to comply with the disclosure requirements under Rules 17.16 and 17.22 under the GEM Listing Rules for so long as circumstances giving rise to the obligation continue to exist.

The Company will issue a circular to the Shareholders as soon as practicable to set out, among other things, details of the Loan Agreement.

## **DISCLOSEABLE TRANSACTION**

### **Background**

On 1 December 2008, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to lend to the Borrower a loan of HK\$5,500,000 for a period of 12 calendar months at an effective interest rate of 11% per cent per annum.

## **PRINCIPAL TERMS OF THE LOAN AGREEMENT**

### **Date:**

1 December 2008

### **Parties**

- (i) ThinSoft Investment Holdings Limited, a company incorporated in British Virgin Islands and a wholly owned subsidiary of the Company (as the Lender); and
- (ii) Kiu Hung Energy Holdings Limited, a company incorporated in Cayman Islands with limited liability, shares of which are listed on the main board of the Stock Exchange (as the Borrower).

Mr. Yu Won Kong, Dennis, a Director and a substantial shareholder of the Company, together with his wife, are interested in approximately 11.96% of the total issued share capital of the Borrower. Mr. Yu is also interested in 50% of the total issued share capital of Top Advance through Strong Choice Investments (Holdings) Limited, a company solely owned by Mr. Yu, which is a company interests in 45% of the total issued share capital of Gold Dynasty. As at the date of this announcement, Gold Dynasty holds convertible bonds issued by the Borrower with principal amount of approximately HK\$254,065,000 which is convertible into 362,949,764 conversion shares at a conversion price of HK\$0.7; and (ii) promissory note issued by the Borrower in the amount of approximately HK\$95,416,000.

Mr. Yue Wai Keung, a Director and a substantial shareholder of the Company, is interested in approximately 4.49% of the total issued share capital of the Borrower.

Mr. Lam Kit Sun, a Director, is interested in approximately 0.05% of the total issued share capital of the Borrower.

The Company confirms that, save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower and the Borrower's ultimate beneficial owners are third party independent of the Company and its connected persons. The Company has no prior business relationship with the Borrower.

### **Loan Amount:**

HK\$5,500,000

## **Collateral**

The Loan does not include any collateral.

## **Purpose of the Loan:**

Unless with the prior written consent of the Lender, the Loan shall be used exclusively to provide general working capital for the Borrower's coal energy business.

## **Conditions Precedent:**

The Lender shall not be obliged to advance the Loan to the Borrower unless the Borrower has fulfilled, among other things, the following conditions precedent:

- (a) the Lender having received various documents from the Borrower, including the Loan Agreement, various identification documents of the Borrower and board resolutions of the Borrower approving the transactions contemplated under the Loan Agreement; and
- (b) clearance by the Stock Exchange on this announcement having been obtained.

If any of the conditions precedent in the Loan Agreement is not fulfilled by the Borrower or waived by the Lender on or before 31 December 2008, the obligation of the Lender to advance the Loan shall cease and the Loan Agreement will terminate and be of no effect provided that such termination shall be without prejudice to the accrued rights or liabilities of any party to the other parties in respect of the terms herein at or before such termination.

## **Drawdown of the Loan:**

The Loan shall be advanced from the Lender to the Borrower within 3 business days after all the conditions precedent have been fulfilled or waived by the Lender (as the case may be).

## **Interest Rate:**

The interest applicable to the Loan or the relevant part thereof shall be at a rate of 11% per cent per annum. Interest shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and 365-day year, including the first day of the period during which it accrues but excluding the last, and shall be paid on the every 6 calendar months from the date of the drawdown of the Loan.

**Default Interest:**

If the Borrower fails to pay any sum due and payable in the Loan Agreement when due, the Borrower shall pay default interest on such sum from and including the due date to the date of actual payment at the rate of 22% per annum.

Interest at the rate or rates determined from time to time as aforesaid shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 365-day year and shall be payable from time to time on demand.

**Repayment:**

The Borrower shall repay the Loan in full together with all interest accrued and all money payable under the Loan Agreement in one lump sum on the date falling 12 calendar months from the date of the drawdown of the Loan.

At any time after 6 calendar months from the date of the drawdown of the Loan, the Lender shall have the right to require the Borrower to repay the Loan in full or any part thereof as requested by the Lender provided that the Lender shall have given to the Borrower not less than 1 calendar month prior written notice. The Borrower shall repay the Loan in the amount as specified in the written notice together with all interest accrued and all money payable under the Loan Agreement on the date specified in the written notice.

**Voluntary Prepayment:**

The Borrower may prepay all or part of the Loan 6 calendar months after the date of the drawdown of the Loan provided that it shall have given to the Lender not less than 1 calendar month prior written notice and that the amount of any partial prepayment shall not be less than HK\$500,000 or any integral multiples thereof.

**REASONS FOR PROVISION OF THE LOAN**

The Loan will be financed by the Company from its internal resources. The Directors consider that the Loan provides an opportunity for the Group to get a high rate of return for its surplus fund.

Assuming the Loan is repaid upon maturity, the Company expects to receive a maximum income of HK\$605,000 comprising the sum of (1) HK\$302,500 being the interest payable on the Loan amount of HK\$5,500,000 calculated at the rate of 11% per annum for a period of the first six months; (2) HK\$302,500 being the interest payable on the Loan amount of HK\$5,500,000 calculated at the rate of 11% per annum for a period of the next six months. The effective interest rate of the Loan will accordingly be 11% per annum.

The terms of the Loan Agreement were arrived at after arm's length negotiation between the Lender and the Borrower. The Board, including the independent non-executive Directors, considers the terms of the Loan Agreement and the interest rate payable under the Loan Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors also consider that in addition to the fair and reasonable interests earned from the Loan, the transaction further provides an opportunity for the future business cooperation with the Borrower in other business investments and developments.

## **LISTING RULES REQUIREMENTS**

As the relevant percentage ratios in respect of the provision of Loan exceed 5% but are less than 25%, the Loan is regarded as a discloseable transaction of the Company under Rule 19.33 of the GEM Listing Rules.

Given that the Loan also represents more than 8% of the consolidated total asset value of the Company, the Loan is also subject to the disclosure requirements under Rule 17.17 of the GEM Listing Rules. The Company will continue to comply with the disclosure requirements under Rules 17.16 and 17.22 under the GEM Listing Rules for so long as circumstances giving rise to the obligation continue to exist.

The Company will issue a circular to the Shareholders as soon as practicable to set out, among other things, details of the Loan Agreement.

## **INFORMATION OF THE LENDER**

The Lender was incorporated in the British Virgin Islands with limited liability and is the wholly owned subsidiary of the Company. The Lender is an investment holding company. The Group is principally engaged in the development and distribution of computing software solutions and related products.

## **INFORMATION OF THE BORROWER**

The Borrower is Kiu Hung Energy Holdings Limited, a company incorporated in Cayman Islands with limited liability, shares of which are listed on the main board of the Stock Exchange. The principal activity of the Borrower is investment holding. The core business of the Borrower and its subsidiaries is the design, manufacture, sale of a wide range of toys and decorative gift items and exploration and mining of natural resources.

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Board”	the board of Directors;
“Lender”	ThinSoft Investment Holdings Limited (as the Lender), a company incorporated in British Virgin Islands, a wholly owned subsidiary of the Company;
“Borrower”	Kiu Hung Energy Holdings Limited (formerly known as Kiu Hung International Holdings Limited), a company incorporated in Cayman Islands with limited liability, shares of which are listed on the main board of the Stock Exchange (stock code: 381);
“Company”	ThinSoft (Holdings) Inc, together with its subsidiaries, a company incorporated in Cayman Islands with limited liability, whose shares are listed on the GEM of the Stock Exchange (stock code: 8096);
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Gold Dynasty”	Gold Dynasty Investments Limited, a company incorporated in the British Virgin Islands, and a holder of convertible bonds and promissory note issued by the Borrower as at the date of this announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“GEM”	The Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited;

“Loan Agreement”	the loan agreement dated 1 December 2008 entered into between the Lender and the Borrower in relation to the advance of the Loan to the Borrower by the Lender;
“Loan”	HK\$5,500,000 to be advanced by the Lender to the Borrower pursuant to the Loan Agreement;
“Shareholders”	holder(s) of share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Top Advance”	Top Advance Group Limited, a company incorporated in the British Virgin Islands with limited liability, and is interested in 45% of the total issued share capital of Gold Dynasty as at the date of this announcement;
“%”	per cent.

By order of the Board  
**ThinSoft (Holdings) Inc**  
**Yue Wai Keung**  
*Director*

Hong Kong, 2 December 2008

*As at the date of this announcement, the Board comprises:*

- (1) Mr. Yu, Dennis Won Kong, as Executive Director;
- (2) Mr. Yue Wai Keung, as Executive Director;
- (3) Mr. Chan Kwan Pak , as Non-executive Director;
- (4) Mr. Lam Kit Sun, as Non-executive Director;
- (5) Mr. Chen Tzyh-Trong, as Independent Non-executive Director;
- (6) Mr. Lee Chung Mong, as Independent Non-executive Director; and
- (7) Mr. Yeung Chi Hung, as Independent Non-executive Director.

*This announcement, for which the directors of the Company (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 “Latest Company Announcement” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of this posting and on the website of the Company at [www.thinsoftinc.com](http://www.thinsoftinc.com).*