

# 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

2009



## **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.**

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*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 consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2009 together with the comparative figures for the corresponding periods in last financial year.

## RESULTS

		For the three months ended 31 March	
		2009	2008
	Notes	HK\$'000	HK\$'000
Revenue	2	<b>2,495</b>	5,170
Cost of sales		<b>(37)</b>	(605)
Gross profit		<b>2,458</b>	4,565
Other income	2	<b>163</b>	186
Selling and distribution expenses		<b>(169)</b>	(188)
General and administrative expenses		<b>(3,328)</b>	(2,804)
Provision for impairment loss of available-for-sale financial assets		<b>(736)</b>	–
(Loss)/profit before tax		<b>(1,612)</b>	1,759
Income tax expenses	3	<b>(85)</b>	(688)
(Loss)/profit for the period and attributable to equity holders of the Company		<b>(1,697)</b>	1,071
(Loss)/earnings per share-basic	5	<b>(HK0.34) cent</b>	HK0.21 cent

# NOTES

## 1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The Group's unaudited quarterly 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.

The Group's unaudited consolidated results for the three months ended 31 March 2009 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 2008 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 revenue and other income is as follows:

	For the three months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Revenue:		
Sale of goods	2,495	5,170
Other income:		
Bank interest income	163	186
	<b>2,658</b>	<b>5,356</b>

### 3. INCOME TAX EXPENSES

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% (2008: 18%) on the estimated assessable profits arising in Singapore for the period ended 31 March 2009.

### 4. DIVIDENDS

No dividend has been paid or declared by the Company during the period ended 31 March 2009 (2008: Nil).

### 5. EARNINGS/LOSS PER SHARE

The calculation of basic loss/earnings per share for the three months ended 31 March 2009 are based on the loss for the period attributable to ordinary equity holders of the Company of HK\$1,697,000 (2008: profit of HK\$1,071,000) and the 501,255,000 (2008: 501,255,000) ordinary shares in issue during the period.

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the period ended 31st March 2009, diluted loss per share is the same as basic loss per share as there was no potential dilutive ordinary shares outstanding.

### 6. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Currency translation reserve HK\$'000	Available-for- sale financial assets HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2008	11,347	6,840	3,652	439	(8,585)	13,693
Currency translation differences	-	-	869	-	-	869
Profit for the period	-	-	-	-	1,071	1,071
At 31 March 2008	11,347	6,840	4,521	439	(7,514)	15,633
At 1 January 2009	11,347	6,840	3,624	-	(13,031)	8,780
Currency translation differences	-	-	(558)	-	-	(558)
Loss for the period	-	-	-	-	(1,697)	(1,697)
<b>At 31 March 2009</b>	<b>11,347</b>	<b>6,840</b>	<b>3,066</b>	<b>-</b>	<b>(14,728)</b>	<b>6,525</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Operations review

The economic tsunami has had far reaching effects on all business sectors and all global markets where are the Group's targets. Most manufacturers, retailers, service companies, financial and even educational institutions have had to curtail their information technology budgets.

As these entities and the millions of small to medium enterprises have taken on the challenges of the global financial crisis, their discretionary spending has been dramatically reduced which unfortunately has impact on the Group's top line quite dramatically in the first quarter of 2009.

In the period under review, turnover was approximately 52% lower than that of the prior year and overall, the Group reported a loss of HK\$1,697,000.

Management remains cautious and not optimistic about the potential for world economies to recover anytime soon and continues to take all necessary steps to trim costs and expenses wherever possible.

## Financial review

Turnover for the period ended 31 March 2009 decreased by approximately 52% to approximately HK\$2,495,000 when compared to last year of approximately HK\$5,170,000.

Gross profit margin for the period ended 31 March 2009 slightly increased to approximately 98.5% compared to 88.3% for the same period last year.

Selling and Administrative expenses totalled HK\$3,497,000 compared to HK\$2,992,000 last year due to the setup of new office after the change of ownership last year.

An further provision of HK\$736,000 has been made for the impairment loss of available-for-sale financial assets – Vietnam Fund in the period due to the deeper economic downturn.

The Group consequently registered a loss attributable to equity holders of the Company for the period under review of approximately HK\$1,697,000 (2008: profit of approximately HK\$1,071,000).

Although the Group was inevitably hit under the existing economic environment, the Group continues to be in a healthy financial position. Cash and bank balances as at 31 March 2009 was approximately HK\$22,837,000 (2008: approximately HK\$33,423,000). There were no bank borrowings as at 31 March 2009 (2008: Nil).

## OTHER INFORMATION

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

As at 31 March 2009, 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 corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Name of Directors	Beneficial owner	No. of shares held by controlled corporation	Total	Percentage of the issued share capital of the Company
Mr. Yu Won Kong, Dennis (Notes 1 & 2)	630,000	375,000,000	375,630,000	74.94
Mr. Yue Wai Keung (Notes 1 & 3)	–	375,000,000	375,000,000	74.81

*Notes:*

1. Inno Smart Group Limited is beneficially owned 50% by Daylight Express Investments Limited and 50% by Billion Sky Resources Limited. For the purpose of Part XV of the SFO, each of Daylight Express Investments Limited and Billion Sky Resources Limited is deemed to be interested in the shares of the Company held by Inno Smart Group Limited.
2. Daylight Express Investments Limited is wholly owned by Strong Choice Investments (Holding) Limited, which is in turn wholly owned by Mr. Yu Won Kong Dennis, an executive Director. For the purpose of the Part XV of SFO, Daylight Express Investments Limited is deemed to be interested in the shares of the Company which Strong Choice Investments (Holding) Ltd is interested in. Mr. Yu Won Kong Dennis is deemed to be interested in the shares of the Company which Daylight Express Investments Limited is interested in.
3. Billion Sky Resources Limited is wholly owned by Mr. Yue Wai Keung, an executive Director. For the purpose of Part XV of SFO, Mr. Yue Wai Keung is deemed to be interested in the shares of the Company which Billion Sky Resources Limited is interested in.

Save as disclosed above, as at 31 March 2009, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of GEM Listing Rules relating to securities transactions by Directors.

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

As at 31 March 2009, 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 ( <i>Note 1</i> )	Beneficial interest	375,000,000	74.81%
Strong Choice Investments (Holding) Ltd ( <i>Notes 1 &amp; 2</i> )	Interest of controlled corporation	375,000,000	74.81%
Yu Won Kong, Dennis ( <i>Notes 1 &amp; 2</i> )	Beneficial interest	630,000	0.13%
	Interest of a controlled corporation	375,000,000	74.81%
Ho Siu Lan Sandy ( <i>Notes 1 &amp; 2</i> )	Family interest	375,630,000	74.94%



Name	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Billion Sky Resources Limited (Notes 1 & 3)	Interest of a controlled corporation	375,000,000	74.81%
Yue Wai Keung (Notes 1 & 3)	Interest of a controlled corporation	375,000,000	74.81%
Man Wing Tuen (Notes 1 & 3)	Family interest	375,000,000	74.81%

*Notes:*

1. Inno Smart Group Limited is owned as to 50% by Daylight Express Investments Limited and 50% by Billion Sky Resources Limited. For the purpose of Part XV of the SFO, each of Daylight Express Investments Limited and Billion Sky Resources Limited is deemed to be interested in the shares of the Company held by Inno Smart Group Limited.
2. Daylight Express Investments Limited is wholly owned by Strong Choice Investments (Holding) Limited which is in turn wholly owned by Mr. Yu Won Kong Dennis. Ms. Ho Siu Lan Sandy is the spouse of Mr. Yu Won Kong Dennis. For the purpose of Part XV of the SFO, Daylight Express Investments Limited is deemed to be interested in the shares of the Company which Strong Choice Investments (Holding) Ltd is interested in. Mr. Yu Won Kong Dennis is deemed to be interested in the shares of the Company which Daylight Express Investments Limited is interested in and Ms. Ho Siu Lan Sandy is deemed to be interested in the shares of the Company which Mr. Yu Won Kong Dennis is interested in.
3. Billion Sky Resources Ltd is wholly owned by Mr. Yue Wai Keung. Ms. Man Wing Tuen is the spouse of Mr. Yue Wai Keung. For the purpose of Part XV of the SFO, Mr. Yue Wai Keung is deemed to be interested in the shares of the Company which Billion Sky Resources Ltd is interested in and Ms. Man Wing Tuen is deemed to be interested in the shares of the Company which Mr. Yue Wai Keung is interested in.

Save as disclosed above, as at 31 March 2009, 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 period ended 31 March 2009, 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 three months period ended 31 March 2009.

## 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 three months ended 31 March 2009 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 Yu, Dennis Won Kong and Mr Yue Wai Keung; the non-executive directors are Mr Chan Kwan Pak and Mr Lam Kit Sun; and the independent non-executive directors are Mr Chen Tzyh-Trong, Mr Lee Chung Mong, and Mr Yeung Chi Hung.

ON BEHALF OF THE BOARD

**Mr Yu, Dennis Won Kong**  
*Chairman*

Hong Kong  
12 May 2009