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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)

CLARIFICATION ANNOUNCEMENT AND RESUMPTION OF TRADING

THE PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

The Board announces that on 21 January 2010, the Vendor, the Company and the Placing Agent entered into the Supplemental Agreement, pursuant to which (i) the Vendor and the Placing Agent agreed that the number of Placing Shares to be placed out by the Placing Agent be reduced from 200,000,000 Placing Shares to 120,000,000 Placing Shares; and (ii) the Vendor and the Company agreed that the number of Subscription Shares be reduced from 200,000,000 Subscription Shares to 120,000,000 Subscription Shares.

THE PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

The Board further announces that on 21 January 2010, the Company and the Placing Agent entered into the Supplemental CB Placing Agreement I, pursuant to which, the Company and the Placing Agent agreed that the aggregate principal amount of the Convertible Bonds (Tranche I) to be placed out by the Placing Agent pursuant to the CB Placing Agreement I be increased from HK\$190,500,000 to HK\$241,300,000.

THE PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Board further announces that on 21 January 2010, the Company and the Placing Agent entered into the Supplemental CB Placing Agreement II, pursuant to which, if any of the conditions referred to in the CB Placing Agreement II are not fulfilled at or before 4:00 p.m. (Hong Kong time) on the date falling 90 days after the date of the CB Placing Agreement II or such later time or date as may be agreed to place, all rights, obligations and liabilities of the Company and the Placing Agent under the CB Placing Agreement II shall cease and determine and neither the Company and the Placing Agent shall have any claim against each other in respect of the CB Placing Agreement II.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 19 January 2010 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 January 2010.

Reference is made to the announcement (the “**Announcement**”) of ThinSoft (Holdings) Inc. (the “**Company**”) dated 20 January 2010 in relation to the placing of existing shares of the Company and subscription of new shares of the Company and the placing of convertible bonds of the Company. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, unless the context otherwise requires.

THE PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

The Supplemental Agreement

The Board announces that on 21 January 2010, the Vendor, the Company and the Placing Agent entered into a supplemental agreement (the “**Supplemental Agreement**”), pursuant to which (i) the Vendor and the Placing Agent agreed that the number of Placing Shares to be placed out by the Placing Agent be reduced from 200,000,000 Placing Shares to 120,000,000 Placing Shares; and (ii) the Vendor and the Company agreed that the number of Subscription Shares be reduced from 200,000,000 Subscription Shares to 120,000,000 Subscription Shares. Save as amended by the Supplemental Agreement all other terms and conditions of the Placing and Subscription Agreement remain unchanged and valid.

Number of Placing Shares

The 120,000,000 Placing Shares and the 120,000,000 Subscription Placing, representing approximately 4.79% of the issued share capital of the Company as at the date of this announcement and approximately 4.57% of the Company’s enlarged issued share capital immediately after completion of the Placing and the Subscription.

The allotment and issue of the Subscription Shares is not subject to Shareholders' approval. The Subscription Shares will be allotted and issued under the General Mandate. Immediately following completion of the Subscription, a total of 381,255,000 Shares will remain unissued under such mandate.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the 120,000,000 Subscription Shares on GEM. The Company may or may not obtain the listing approval from the Stock Exchange to deal in the 120,000,000 Subscription Shares. If the Company cannot obtain the listing approval within 14 days from the date of the Placing and Subscription Agreement, the Subscription will be subject to independent Shareholders' approval. **Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

THE PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

The Supplemental CB Placing Agreement I

The Board further announces that on 21 January 2010, the Company and the Placing Agent entered into a supplemental agreement (the "**Supplemental CB Placing Agreement I**"), pursuant to which the Company and the Placing Agent agreed that the aggregate principal amount of Convertible Bonds (Tranche I) to be placed out by the Placing Agent pursuant to the CB Placing Agreement I be increased from HK\$190,500,000 to HK\$241,300,000 at the initial conversion price of HK\$0.635 (subject to adjustment) per Conversion Shares (Tranche I). Save as amended by the Supplemental CB Placing Agreement I all other terms and conditions of the CB Placing Agreement I remain unchanged and valid.

Minimum amount of the Convertible Bonds (Tranche I) to be placed for each CB Places

The amount of the Convertible Bonds (Tranche I) may be placed in up to four tranches and the amount to be placed for each tranche shall not be less than HK\$60,325,000 except the last tranche).

Conversion Shares (Tranche I)

Based on the Conversion Price of HK\$0.635, a maximum number of 380,000,000 Conversion Shares (Tranche I) will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds (Tranche I) in full, which represent:

- (i) approximately 15.16 % of the existing issued share capital of the Company; and
- (ii) approximately 12.64% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and Conversion Shares (Tranche I).

Mandate for allotment and issue of the Conversion Shares (Tranche I)

The allotment and issue of the Conversion Shares (Tranche I) is not subject to Shareholders' approval. The Conversion Shares (Tranche I) will be issued under the General Mandate. Allotment and issue of the Conversion Shares (Tranche I), together with the allotment and issue of the Subscription Shares upon completion of the Subscription, will utilise approximately 99.75% of the General Mandate.

In the event that the conditions of the CB Placing Agreement I are not fulfilled on the date falling 60 days after the date of the CB Placing Agreement I (or such later time and date as the Placing Agent and the Company shall agree in writing), all rights, obligations and liabilities of the Company and the Placing Agent under the CB Placing Agreement I shall cease and determine and neither the Company and the Placing Agent shall have any claim against each other in respect of the CB Placing Agreement I.

THE PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Supplemental CB Placing Agreement II

The Board further announces that on 21 January 2010, the Company and the Placing Agent entered into a supplemental agreement (the "**Supplemental CB Placing Agreement II**"), pursuant to which, if any of the conditions referred to in the CB Placing Agreement II are not fulfilled at or before 4:00 p.m. (Hong Kong time) on the date falling 90 days after the date of the CB Placing Agreement II or such later time or date as may be agreed to place, all rights, obligations and liabilities of the Company and the Placing Agent under the CB Placing Agreement II shall cease and determine and neither the Company and the Placing Agent shall have any claim against each other in respect of the CB Placing Agreement II. Save as amended by the Supplemental CB Placing Agreement II all other terms and conditions of the CB Placing Agreement II remain unchanged and valid.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the aggregate the 380,000,000 Conversion Shares (Tranche I) and the 700,000,000 Conversion Shares (Tranche II) (upon exercise of the conversion rights attached to the Convertible Bonds (Tranche I) in and the Convertible Bonds (Tranche II) in full) on GEM. The Company may or may not obtain the listing approval from the Stock Exchange to deal in the 380,000,000 Conversion Shares (Tranche I) and the 700,000,000 Conversion Shares (Tranche II). **Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below are (i) the existing shareholding structure of the Company; (ii) immediately upon completion of the Placing pursuant to the Placing and Subscription Agreement (as amended by the Supplemental Placing Agreement); (iii) immediately upon completion of the Subscription pursuant to the Placing and Subscription Agreement (as amended by the Supplemental Placing Agreement); (iv) immediately upon the completion of the Subscription pursuant to the Placing and Subscription Agreement (as amended by the Supplemental Placing Agreement) and upon and assuming exercise in full of the conversion rights attaching to the Convertible Bonds (Tranche I) pursuant to the CB Placing Agreement I (as amended by the Supplemental CB Placing Agreement I); and (v) immediately upon the completion of the Subscription pursuant to the Placing and Subscription Agreement (as amended by the Supplemental Placing Agreement) and upon and assuming exercise in full of the conversion rights attaching to the Convertible Bonds (Tranche I) pursuant to the CB Placing Agreement I (as amended by the Supplemental CB Placing Agreement I) and the Convertible Bonds (Tranche II) pursuant to the CB Placing Agreement II (as amended by the Supplemental CB Placing Agreement II):

Shareholders	the existing shareholding structure of the Company		immediately upon completion of the Placing		immediately upon completion of the Subscription		immediately upon the completion of the Subscription and upon and assuming exercise in full of the conversion rights attaching to the Convertible Bonds (Tranche I)		immediately upon the completion of the Subscription and upon and assuming exercise in full of the conversion rights attaching to the Convertible Bonds (Tranche I) and the Convertible Bonds (Tranche II)	
	<i>Number of Shares held</i>	<i>% of issued Shares</i>	<i>Number of Shares held</i>	<i>% of issued Shares</i>	<i>Number of Shares held</i>	<i>% of issued Shares</i>	<i>Number of Shares held</i>	<i>% of issued Shares</i>	<i>Number of Shares held</i>	<i>% of issued Shares</i>
Inno Smart (Notes 1 and 3)	1,875,000,000	74.81%	1,755,000,000	70.02%	1,875,000,000	71.39%	1,875,000,000	62.37%	1,875,000,000	50.59%
Yu Won Kong, Dennis (Note 2)	3,150,000	0.13%	3,150,000	0.13%	3,150,000	0.12%	3,150,000	0.10%	3,150,000	0.08%
Public										
The Placees	–	–	120,000,000	4.79%	120,000,000	4.57%	120,000,000	3.99%	120,000,000	3.24%
The CB Placees	–	–	–	–	–	–	380,000,000	12.64%	1,080,000,000	29.14%
Other public	628,125,000	25.06%	628,125,000	25.06%	628,125,000	23.92%	628,125,000	20.90%	628,125,000	16.95%
Sub-total	628,125,000	25.06%	748,125,000	29.85%	748,125,000	28.49%	1,128,125,000	37.53%	1,828,125,000	49.33%
Total issued capital	<u>2,506,275,000</u>	<u>100.00%</u>	<u>2,506,275,000</u>	<u>100.00%</u>	<u>2,626,275,000</u>	<u>100.00%</u>	<u>3,006,275,000</u>	<u>100.00%</u>	<u>3,706,275,000</u>	<u>100.00%</u>

Notes:

1. Inno Smart is beneficially owned as to 50% by Daylight Express Investments Limited and as to 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.
2. Daylight Express Investments Limited is wholly owned by Strong Choice Investments (Holding) Limited, which is in turn wholly owned by Mr. Dennis Yu Won Kong, 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) Limited is interested in. Mr. Dennis Yu Won Kong 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.

USE OF PROCEEDS

The net proceeds from the issue of the Subscription Shares (after deducting related expenses) will be approximately HK\$74.15 million. The net Subscription Price is approximately HK\$0.619 per Subscription Share.

The maximum net proceeds from the placing of the Convertible Bonds (Tranche I) (after deducting related expenses) is estimated to be approximately HK\$235.12 million. The maximum net Conversion Price is approximately HK\$0.619 per Conversion Share (Tranche I).

The maximum net proceeds from the placing of the Convertible Bonds (Tranche II) (after deducting related expenses) is estimated to be approximately HK\$433.24 million. The maximum net Conversion Price is approximately HK\$0.619 per Conversion Share (Tranche II).

All the proceeds will be used to finance the Possible Acquisition. In the event that the Possible Acquisition does not materialised, the Company intends to apply the above proceeds for future investment projects to be identified or general working capital of the Group. As at the date of this announcement, save the Possible Acquisition as disclosed in the announcement of the Company dated 14 December 2009, the Company has not identified other investment projects.

REASONS FOR ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT, THE SUPPLEMENTAL CB PLACING AGREEMENT I AND THE SUPPLEMENTAL CB PLACING AGREEMENT II

The Group is principally engaged in the development and distribution of computing software and related products.

As disclosed above that the Company intends to use all proceeds to finance the Possible Acquisition. Given that the Placing is on a fully underwritten basis, the Directors consider that the reduction of the initial fund raising amount will avoid any unnecessary delay in raising fund and will facilitate the Company to proceed for the Possible Acquisition swiftly. The amendments to the terms of the CB Placing Agreement I and the CB Placing Agreement II are necessary in order to for the Company to raise sufficient fund for the Possible Acquisition.

Pursuant to Rule 19.82 of the GEM Listing Rules which stipulates that if the assets of a listed issuer consist wholly or substantially of cash or short-dated securities, it will not be regarded as suitable for listing and trading in its securities will be suspended. In the event that the Possible Acquisition does not proceed while the placing of the Convertible Bonds (Tranche I) and the placing of the Convertible Bonds (Tranche II) are brought to the completion, the Company may fall within Rule 19.82 of the GEM Listing Rules and become a “cash company”. **Shareholders and potential investors are advised to exercise caution when dealing in the Shares regarding the “cash company” issue.**

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 19 January 2010 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 January 2010.

By Order of the Board
Thinsoft (Holdings) Inc.
Yu Won Kong Dennis
Chairman

Hong Kong, 21 January 2010

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

- (1) Mr. Yu Won Kong Dennis, 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 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 for at least 7 days from the date of this posting and on the website of the Company at www.thinsoftinc.com.