

PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE APPROXIMATELY 74.81% SHAREHOLDINGS IN THE CAPITAL OF THINSOFT (HOLDINGS) INC

1. Introduction

The Board of Directors of IPC Corporation Ltd (the "Company") wishes to announce that the Company has today entered into a Share Sale and Purchase Agreement (the "Agreement") with Inno Smart Group Limited (the "Purchaser") and Yu Won Kong Dennis and Yue Wai Keung (the "Purchaser Guarantors") for the disposal to the Purchaser (the "Disposal") of its entire approximately 74.81% shareholdings in the capital of ThinSoft (Holdings) Inc ("ThinSoft") comprising 375,000,000 ordinary shares (the "Sale Shares").

In relation to the Agreement, an escrow agreement (the "Escrow Agreement") has also been entered between the Company, the Purchaser and Deacons for Deacons to act as the escrow agent ("Escrow Agent") to hold 10% of the Consideration (as defined in paragraph 4 below) pending completion of the Disposal upon fulfillment of conditions precedent.

2. Information on ThinSoft

ThinSoft is a company incorporated in the Cayman Islands with limited liability and registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the laws of Hong Kong), which registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and as at the date hereof has an authorised share capital of HK\$100,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.05 each, of which 501,225,000 shares have been issued and are fully paid up (the "ThinSoft Shares"). The ThinSoft's Shares are listed and dealt in on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("HK Stock Exchange"). ThinSoft is an investment holding company. ThinSoft's subsidiaries carry out the following businesses:

Name	Shareholding interest	Business
ThinSoft Investment Inc ("TII")	100% direct interest held by ThinSoft	Investment holding in Hong Kong
ThinSoft Inc	100% direct interest held by TII	Holding of intellectual properties in Hong Kong
ThinSoft Pte Ltd.	100% direct interest held by TII	Development and distribution of Thin Computing solutions and related products in Singapore
ThinSoft (USA) Inc.	100% direct interest held by TII	Development and distribution of Thin Computing solutions and related products in the United States of America

The current shareholders of ThinSoft are the Company (approximately 74.81%) and public investors (approximately 25.19%).

3. Information on the Purchaser

The Purchaser is a company incorporated in the British Virgin Islands, which registered office is at 2/F, Abbott Building, Road Town, Tortola, British Virgin Islands. The Purchaser is an unrelated third party primarily engaged in the business of investment holding and is owned by the Purchaser Guarantors equally.

4. Consideration

The total consideration for the Disposal is HK\$86,250,000 (the "Consideration") based on approximately 2.23 times of net tangible assets value of approximately HK\$38,756,037 of ThinSoft for the financial period ending 31 December 2007.

The Consideration shall be paid as follows:

- (a) subject to the parties and the Escrow Agent entering into the Escrow Agreement upon signing of the Agreement, the Purchaser shall pay to the Escrow Agent the sum of HK\$8,625,000, representing 10% of the Consideration (the "Escrow Money");

Upon signing the Agreement, the Purchaser shall deliver to the Company a letter from Kingston Securities Limited providing to the reasonable satisfaction of the Company that the Purchaser has sufficient financial resources to pay the remaining 90% of the Consideration on completion of the purchase of the Sale Shares in accordance with the Agreement ("Completion");

- (b) at Completion, the Purchaser shall arrange to pay the balance 90% of the Consideration into the Company's designated account with the Central Clearing and Settlement System ("CCASS") established and operated by Hong Kong Securities Clearing Company Limited against delivery of the Sale Shares in accordance with the Agreement; and
- (c) subject to and upon Completion and the receipt of a joint instruction from the Company and the Purchaser in writing to the Escrow Agent, the Escrow Agent shall release (a) the Escrow Money (net of any interests accrued thereon) to the Purchaser's designated account with the CCASS; and (b) the interests accrued thereon to the Company.

5. Rationale for the disposal of the Sale Shares

After analysing the historical contributions from ThinSoft and considering the gain of S\$9.392 million and the benefits of cash proceeds of S\$14.933 million from the Disposal for future working capital and investments, the Board of Directors believes that the Disposal would be in the best interests of the Company. The profit-after-tax of Thinsoft over the last three years was HK\$8,322,820, HK\$4,776,565 and HK\$370,624 in FY2005, FY2006 and FY2007 respectively, declining in the last two years.

6. Details of the terms and conditions of the Disposal

6.1 Disposal Conditions

The Disposal shall be conditional upon the following:

- (a) to the best of the knowledge and information of the Company, the warranties listed under the Agreement being true and accurate and not misleading as at the date of the Agreement;
- (b) to the best of the knowledge and information of the Company, the warranties listed under the Agreement being true and accurate and not misleading as at the Completion Date ("Completion Date" is defined as the next business day after the day on which the last of the conditions stated under paragraph 6 below is fulfilled or waived in accordance with the Agreement, or such later date as the parties may agree in writing);
- (c) the current listing of the ThinSoft Shares not having been withdrawn, the ThinSoft Shares continuing to be traded on the GEM prior to the Completion Date (save for any temporary suspension pending any announcement in connection with the Agreement) and the HK Stock Exchange and Securities and Futures Commission not having objected, and not having indicated that they will object to such listing; and
- (d) the approval of the shareholders of the Company being obtained.

The Purchaser may waive all or any of the conditions set above (except for the condition set out in (d)). The Company may waive the condition set out in (d) above.

6.2 Other terms and conditions

- (a) Under the Agreement, the Purchaser has undertaken to comply with its obligations under the Hong Kong Code on Takeovers and Mergers ("Hong Kong Takeovers Code"), and in particular, to procure the despatch by such date as is required under the Hong Kong Takeovers Code, to all holders of the ThinSoft Shares of a circular containing, *inter alia*, an unconditional general offer by Kingston Securities Limited, on behalf of the Purchaser, to the holders of the Offer Shares to purchase the Offer Shares for a cash price per Offer Share equal to the Sale Share price of HK\$0.23 per Sale Share ("Offer Shares" is defined as the existing issued ThinSoft Shares but excluding the Sale Shares and any other ThinSoft Shares owned by the Purchaser and persons acting in concert with it on the Completion Date and/or acquired or agreed to be acquired by the Purchaser and persons acting in concert with it while the said offer remains open for acceptance).
- (b) Under the Agreement, the Purchaser Guarantors have jointly and severally undertaken to procure, and guarantees, unconditionally and irrevocably as primary obligors (as if the Purchaser Guarantors had indemnified the Company in full in respect of the payment obligations under the Agreement) to the Company, the due observance and performance by the Purchaser of its obligations under the Agreement (the "Purchaser's Guarantee"). The Purchaser's Guarantee shall remain in full force and effect until all obligations of the Purchaser under the Agreement have been paid and/or discharged in full.
- (c) The Company is to procure (i) the appointment of such number of persons nominated by the Purchaser to be appointed as directors of ThinSoft and (ii) the resignation of Messrs Ngiam Mia Hai Bernard and Ngiam Mia Hong Alfred as directors of ThinSoft at Completion.
- (d) The Company is to procure (i) the appointment of the company secretary, qualified

accountant and the auditors nominated by the Purchaser to be appointed as the company secretary, qualified accountant and auditors of ThinSoft and (ii) the resignation of the existing company secretary, qualified accountant and auditors of ThinSoft at Completion.

7. Financial Effects of the disposal of the Sale Shares

7.1 The financial effect of the Disposal on the earnings per share of the Company and the Group for FY2007 and the net tangible assets per share of the Company and the Group as at 31 December 2007 is as follows:

	←-----Company----->		←-----Group----->	
	As at 31 December 2007	After the Disposal	As at 31 December 2007	After the Disposal
Earnings per share (cents)	0.24	2.74	0.32	2.10
	As at 31 December 2007	After the Disposal	As at 31 December 2007	After the Disposal
NTA per share (cents)	27.21	29.71	26.74	28.52

7.2 Rule 1006 Relative Figures

The relative figures pursuant to Rule 1006, using the audited accounts of the Company and its subsidiaries (the "Group") as at 31 December 2007 are:

(a)	net asset value of the assets to be disposed of compared to group's net asset value	3.78%
(b)	net profits ⁽¹⁾ attributable to the assets disposed of, compared with the group's net profits ⁽¹⁾	492.76% ⁽²⁾
(c)	aggregate value of the consideration given or received, compared with the issuer's market capitalisation	25.68% ⁽³⁾
(d)	number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Based on the bases (b) and (c) above, the Disposal will constitute a major transaction under Rule 1013 of the Listing Manual and would require the approval of the shareholders of the Company in a general meeting pursuant to Rule 1014.

NOTES:

- (1) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Determined by dividing the audited consolidated net profit of the Group of approximately \$9,392,000 by the Group's latest announced consolidated net profit of \$1,906,000 for the financial year ended 31 December 2007.
- (3) Based on the aggregate value of the Consideration of HK\$86,250,000 and the market capitalisation of the Company as at 16 May 2008 (being the market day preceding the date of the Agreement). Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue and the closing market price of \$0.11 per share on 16 May 2008.

8. Interests of Directors

None of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Disposal.

9. Documents for Inspection

A copy of the Agreement will be made available for inspection during normal business hours at the Company's registered office for a period of three months from the date of this announcement.

By Order of the Board

Ngiam Mia Kiat Benjamin
Executive Director

20 May 2008