



**PacMOS Technologies Holdings Limited**  
**( 弘 茂 科 技 控 股 有 限 公 司 ) \***

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1010)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR  
THE SIX MONTHS ENDED 30 JUNE 2006**

The Directors are pleased to present the interim results and unaudited condensed accounts of PacMOS Technologies Holdings Limited (“the Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2006.

**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2006</b>	<b>2005</b>
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	3,525	4,071
Intangible assets	1,080	1,294
Long-term deposits	729	717
	<u>5,334</u>	<u>6,082</u>
<b>Total non-current assets</b>	<b>5,334</b>	<b>6,082</b>
<b>Current assets</b>		
Inventories	12,869	18,425
Trade receivables	15,819	15,926
Prepayments, deposits and other receivables	2,935	6,754
Financial assets at fair value through profit or loss	168,681	175,890
Amount due from a related company	—	359
Restricted bank deposits	243	239
Cash and cash equivalents	97,678	78,232
	<u>298,225</u>	<u>295,825</u>
<b>Total current assets</b>	<b>298,225</b>	<b>295,825</b>
<b>Total assets</b>	<b>303,559</b>	<b>301,907</b>

**EQUITY****Capital and reserves attributable to equity holders of the Company**

Share capital	33,659	33,659
Reserves	197,784	196,076
	<u>231,443</u>	<u>229,735</u>
Shareholders' funds		
Minority interests	40,804	41,461
	<u>272,247</u>	<u>271,196</u>

**LIABILITIES****Non-current liabilities**

Deferred income tax liabilities	—	1,300
	<u>—</u>	<u>1,300</u>

**Current liabilities**

Trade payables	5	12,785	15,723
Other payables and accruals		12,463	10,773
Amount due to a related company		1,787	1,462
Amount due to minority shareholders of a subsidiary		2,641	—
Current income tax liabilities		1,636	1,453

<b>Total current liabilities</b>		<u>31,312</u>	<u>29,411</u>
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<b>Total liabilities</b>		<u>31,312</u>	<u>30,711</u>
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<b>Total equity and liabilities</b>		<u>303,559</u>	<u>301,907</u>
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<b>Net current assets</b>		<u>266,913</u>	<u>266,414</u>
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<b>Total assets less current liabilities</b>		<u>272,247</u>	<u>272,496</u>
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## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2006</b>	<b>2005</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>			
Sales	2	<b>62,078</b>	73,332
Cost of sales	6	<u><b>(44,938)</b></u>	<u>(62,961)</u>
<b>Gross profit</b>		<b>17,140</b>	10,371
Other gains	2	<b>4,946</b>	7,727
Distribution costs	6	<b>(1,349)</b>	(1,761)
General and administrative expenses	6	<u><b>(16,500)</b></u>	<u>(12,671)</u>
		<b>4,237</b>	3,666
Finance costs		<u>—</u>	<u>(193)</u>
<b>Profit before income tax</b>		<b>4,237</b>	3,473
Income tax expense	7	<u><b>(263)</b></u>	<u>(68)</u>
Profit from continuing operations		<b>3,974</b>	3,405
<b>Discontinued operation</b>			
Loss from discontinued operation	10	<u>—</u>	<u>(404)</u>
<b>Profit for the period</b>		<u><b>3,974</b></u>	<u>3,001</u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>1,493</b>	2,842
Minority interest		<u><b>2,481</b></u>	<u>159</u>
		<u><b>3,974</b></u>	<u>3,001</u>
Basic earnings per share	8	<u><b>0.44 cents</b></u>	<u>0.84 cents</u>
Diluted earnings per share		<u><b>N/A</b></u>	<u>N/A</u>
Dividends	9	<u>—</u>	<u>—</u>

NOTES:

**1. Basis of preparation and accounting policies**

The interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”, issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2005.

HKICPA has issued a number of new standards, amendments to standards and interpretations that effective for accounting periods beginning on or after 1 January 2006. The Group has carried out an assessment of these standards, amendments and interpretations and considered that they have no significant impact on these interim financial statements.

**2. Turnover and Revenues**

Revenues recognised during the period are as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2006</b>	<b>2005</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover		
Sales of integrated circuits and semi-conductor parts	62,078	73,332
Other gains		
Bank interest income	630	211
Financial assets at fair value through profit or loss:		
Realised fair value gains	1,823	47
Unrealised fair value gains	2,292	7,220
Rental income	119	143
Sundry income	82	106
	<u>4,946</u>	<u>7,727</u>
	<u>67,024</u>	<u>81,059</u>

**3. Segment reporting**

For the period ended 30 June 2006, more than 90% of the Group’s turnover and operating profit were attributable to its sales of integrated circuits and semi-conductor parts in Taiwan. Accordingly, no analysis by either business or geographical segment is included in these condensed financial statements.

#### 4. Trade receivables

The Group normally allows an average credit period of 30 to 90 days to its customers. An aging analysis of trade receivables is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2006</b> <i>HK\$'000</i>	Audited 31 December 2005 <i>HK\$'000</i>
0 to 90 days	15,825	16,091
91 to 180 days	—	87
	<u>15,825</u>	<u>16,178</u>
<i>Less:</i> Provision for impairment of receivables	<u>(6)</u>	<u>(252)</u>
	<u><u>15,819</u></u>	<u><u>15,926</u></u>

#### 5. Trade payables

At 30 June 2006 the aging analysis of the trade payables is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2006</b> <i>HK\$'000</i>	Audited 31 December 2005 <i>HK\$'000</i>
0 to 90 days	12,785	15,692
91 to 180 days	—	31
	<u>12,785</u>	<u>15,723</u>

#### 6. Expenses by nature

Expenses included in cost of sales, distribution costs, general and administrative expenses and other operating expenses are:

	<b>Unaudited</b> <b>Six months ended 30 June</b> <b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Amortisation of intangible assets	288	166
Auditors' remuneration	600	684
Depreciation of plant and equipment	854	1,549
Exchange loss, net	864	300
Operating lease rentals in respect of land and building	1,642	1,194
(Reversal)/provision for impairment of trade receivables	(246)	11
Research and development costs	7,941	6,850
Staff costs (including Directors' emoluments)	10,618	7,551
Cost of inventory sold	<u>43,037</u>	<u>61,053</u>

#### 7. Income tax expense

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 30 June 2005: 17.5%) on the estimated assessable profit for the period. Overseas taxation has been calculated on the estimated assessable profit for the period at the rates prevailing in the countries in which the Group operates.

The amount of taxation charged to the condensed consolidated income statement represents:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2006</b>	<b>2005</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
— Hong Kong profits tax	—	—
— Overseas taxation	<b>755</b>	68
Under provision in prior year	<b>808</b>	—
Deferred income tax	<b>(1,300)</b>	—
	<u>263</u>	<u>68</u>

## 8. Earnings per share

Earnings per share attributable to equity holders of the Company arises from continuing and discontinued operations as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2006</b>	<b>2005</b>
Basic earnings per share for profit from continuing operations attributable to the equity holders of the Company (expressed in Hong Kong cents per share)	<u>0.44</u>	<u>0.96</u>
Basic earnings per share for loss from discontinued operation attributable to the equity holders of the Company (expressed in Hong Kong cents per share)	<u>—</u>	<u>(0.12)</u>

As there are no dilutive potential ordinary shares as at 30 June 2006 and 2005, the dilutive earnings per share are equal to the basic earnings per share.

## 9. Dividends

The Directors do not recommend the payment of a dividend (six months ended 30 June 2005: Nil).

## 10. Discontinued operation

Wellba Investment Limited, a wholly owned subsidiary of the Company, had disposed of an investment property situated at 18 Lee Chung Street, Chai Wan, Hong Kong (the “Property”), to a third party at a total a cash consideration of HK\$51,700,000. The completion date for the disposal of the Property was on 10 March 2005.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2006</b>	<b>2005</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover — rental income	—	726
Other operating expense — Indirect outgoings	—	(998)
	<hr/>	<hr/>
Loss from operations	—	(272)
Finance costs	—	(132)
	<hr/>	<hr/>
Loss before income tax	—	(404)
Income tax	—	—
	<hr/>	<hr/>
Loss for the period	<u>—</u>	<u>(404)</u>
	<hr/>	<hr/>
Net operating cash inflow	—	976
Net investing cash inflow	—	53,850
Net financing cash outflow	—	(30,450)
	<hr/>	<hr/>
Total net cash inflow	<u>—</u>	<u>24,376</u>
	<hr/>	<hr/>
	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2006</b>	<b>2005</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Non-current assets	—	—
Current assets	—	—
	<hr/>	<hr/>
Total assets	—	—
Total liabilities	—	(1,327)
	<hr/>	<hr/>
Net liabilities	<u>—</u>	<u>(1,327)</u>
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## RESULTS

For the period under review, the Group achieved a turnover of approximately HK\$62.1 million, as compared to that of the corresponding period last year of approximately HK\$73.3 million. The profit attributable to shareholders was approximately HK\$1.5 million as compared to approximately HK\$2.8 million for the corresponding period last year.

## DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2006.

## **BUSINESS REVIEW**

### **Design and distribution of integrated circuit and semi-conductor parts**

For the period under review, due to market competition on prices, the turnover of the Group's main business decreased around 15% as compared to that of the corresponding period last year.

The Group achieved an improvement in gross profit of approximately HK\$17.1 million for the current period as compared to that of the corresponding period last year of approximately of HK\$10.4 million. Such improvement is attributable to the fact that there was a sharp increase in wafer costs in the corresponding period last year and the costs of wafer have been back to normal for the current period under review.

### **Investment holding**

As at 30 June 2006, the Group held approximately 3.7 million shares of ChipMOS Technologies (Bermuda) Limited ("ChipMOS"), a company listed in the NASDAQ. ChipMOS is a leading provider of semiconductor testing and assembly services to customers in Taiwan, Japan and the United States of America.

As at 30 June 2006, the quoted market price of ChipMOS was approximately US\$5.88 per share as compared to approximately US\$5.80 per share as at 31 December 2005. For the period under review, an unrealised gain of approximately HK\$2.3 million was recorded by the Group due to mark to market valuation of the shares.

During the period, the Group sold approximately 210,000 shares of ChipMOS in the NASDAQ market with an average price of approximately US\$6.9 per share. The quoted market price of ChipMOS as at 20 September 2006 was approximately US\$6.14.

### **Future plans and prospects**

The Group will continue to focus on its main business in design and trading of integrated circuit products, with emphasis in the Greater China region. The management expects there will be greater market competition in the second half of the year and in year 2007. We shall meet the market challenges by enhancing the functions of our existing products and developing new products.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2006, the cash and cash equivalents of the Group amounted to approximately HK\$97.7 million as compared to that as at 31 December 2005 of approximately HK\$78.2 million.

For the period under review, the net cash inflow of the Group amounted to approximately HK\$19.0 million, of which approximately HK\$18.7 million was cash inflow from operating activities.

As at 30 June 2006, the Group has no outstanding bank loans and no financing cost was incurred for the period under review.

## **GEARING RATIO**

The gearing ratio of the Group, defined as total liabilities expressed as a percentage of total assets, was approximately 10.3% (31 December 2005: approximately 10.2%). There was no material change in gearing ratio of the Group. No debt financing has been raised during the period under review.



## **FOREIGN CURRENCY EXPOSURE**

As the main operation of the Group is in Taiwan, the Group's results are exposed to exchange fluctuations of New Taiwan dollars. However, such exchange risk is expected not to be significant under the current economic environment.

For the period under review, an exchange adjustment of approximately HK\$0.2 million was credited to reserves upon translation of overseas operations.

## **CAPITAL STRUCTURE**

There was no change in the share capital of the Company for the year under review. The profit attributable to shareholders of approximately HK\$1.5 million was transferred to reserves. As at 30 June 2006, the shareholders' fund was approximately HK\$231.4 million (31 December 2005: HK\$229.7 million).

## **INVESTMENTS AND CAPITAL ASSETS**

For the period under review, total additions to plant and equipment and intangible assets amounted to approximately HK\$0.3 million as compared to approximately HK\$1.6 million for the corresponding period of last year.

## **CHARGE ON ASSETS**

As at 30 June 2006, restricted bank deposits amounted to approximately HK\$0.2 million, mainly for the purpose of securing payment of value added tax as required by Taiwan Tax Bureau.

## **SEGMENTAL INFORMATION**

Design and distribution of integrated circuit and semi-conductor parts is the main business of the Group. Geographically, approximately 98% of the Group's turnover was contributed by the Taiwan operations for the period under review.

## **HUMAN RESOURCES**

There is no material change in the headcount of the Group. As at 30 June 2006, the number of staff was approximately 87.

## **CONTINGENT LIABILITIES**

No material contingent liabilities of the Group were noted as at 30 June 2006.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2006.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2006, none of the directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)) that is required to be recorded and kept in the register in accordance with section 352 of the SFO, any interests required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”).

## SUBSTANTIAL SHAREHOLDERS' INTEREST OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 June 2006, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital.

<b>Name of shareholder</b>	<b>Number of issued shares</b>	<b>Percentage holding</b>
Texan Management Limited	145,610,000	43.3%
Vision2000 Venture Ltd.	106,043,142	31.5%

## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors who together have substantial experience in auditing, business and regulatory affairs.

## REVIEW OF FINANCIAL STATEMENTS

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2006, in the presence of the Company's external auditors.

## CORPORATE GOVERNANCE

None of the Directors is aware of information that would reasonably indicate the Company is not or was not for any part of the accounting period covered by the 2006 interim report, in compliance with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited except the following deviations from Code A.4.1 and A.4.2:

1. subsequent to the publication of the Corporate Governance Report in the 2005 Annual Report and at the 2006 Annual General Meeting, a special resolution was passed to amend the bye-laws of the Company to the effect that (a) any director elected in general meeting by ordinary resolution to fill a casual vacancy or as an addition to the Board shall be subject to rotation and retirement requirement at annual general meeting, at which one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the nearest but no less than one-third, shall retire from office by rotation; (b) any director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at the meeting; and (c) every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years; and

2. The Independent Non-executive Directors were not appointed for specific terms but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the bye-laws of the Company.

To further strengthen the communication between the Board and the Committees, Mr Yip Chi Hung, Chairman of the Board, was appointed as additional committee member of the Remuneration and Nomination Committees in May 2006. Currently, both the Remuneration and Nomination Committees consist of four members namely, Messrs Wong Chi Keung (chairman), Cheng Hok Ming, Albert, Ma Kwai Yuen and Yip Chi Hung.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. All directors of the Company have confirmed, after specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2006.

On behalf of the board  
**Yip Chi Hung**  
*Chairman*

Hong Kong, 22 September 2006

Compositions of the Board of Directors as at 22 September 2006:

*Executive directors:*

Mr. Yip Chi Hung  
Mr. Chen Che Yuan

*Independent non-executive directors:*

Mr. Wong Chi Keung  
Mr. Cheng Hok Ming, Albert  
Mr. Ma Kwai Yuen

Please also refer to the published version of this announcement in The Standard.