



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 CONSOLIDATED RESULTS FOR THE YEAR ENDED
31 DECEMBER 2007**

The Directors of PacMOS Technologies Holdings Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2007	2006
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	112,502	125,552
Cost of sales	4	(82,474)	(93,662)
Gross profit		30,028	31,890
Distribution costs	4	(3,910)	(4,016)
General and administrative expenses	4	(31,670)	(31,334)
Other income		5,678	3,741
Other (losses)/gains, net		(61,917)	28,951
(Loss)/profit before income tax		(61,791)	29,232
Income tax (expense)/credit	5	(745)	355
(Loss)/profit for the year		(62,536)	29,587
Attributable to:			
Equity holders of the Company		(62,773)	25,446
Minority interests		237	4,141
		(62,536)	29,587
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year (basic and diluted) (Expressed in HK cents per share)	12	(18.65)	7.56

* *for identification purpose only*

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 31 December	
		2007	2006
		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,235	3,795
Intangible assets		566	865
Long-term deposit		744	735
Deferred income tax assets		730	1,751
		5,275	7,146
Current assets			
Inventories		21,901	12,226
Trade receivables	6	11,915	14,312
Deposits, prepayments and other receivables		6,284	5,747
Financial assets at fair value through profit or loss	7	112,272	189,482
Restricted cash	8	248	245
Cash and cash equivalents	9	105,229	102,642
		257,849	324,654
Total assets		263,124	331,800
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	134,922	134,922
Other reserves	10	7,325	3,861
Retained earnings	10	54,616	117,894
		196,863	256,677
Minority interests	10	40,754	43,363
Total equity		237,617	300,040

		As at 31 December	
		2007	2006
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
LIABILITIES			
Current liabilities			
Trade payables	<i>11</i>	14,206	15,737
Other payables and accruals		8,751	12,537
Amount due to a related party		2,404	2,349
Income tax payable		146	1,137
		<u>25,507</u>	<u>31,760</u>
Total liabilities		<u>25,507</u>	<u>31,760</u>
Total equity and liabilities		<u>263,124</u>	<u>331,800</u>
Net current assets		<u>232,342</u>	<u>292,894</u>
Total assets less current liabilities		<u><u>237,617</u></u>	<u><u>300,040</u></u>

1. General information

PacMOS Technologies Holdings Limited (the “Company”) and its subsidiaries (the “Group”) is principally engaged in design and distribution of integrated circuits and semi-conductor parts and investments holding.

The Company is a limited liability company incorporated in Bermuda. The address of its principal place of business is 27th Floor, Cambridge House, Taikoo Place, 979 King’s Road, Island East, Hong Kong.

These consolidated financial statements are presented in thousands of units of HK dollars (HK\$’000), unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors on 17 March 2008.

2. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the financial assets at fair value through profit or loss which are stated at fair value.

(a) Standards, amendment and interpretations effective in 2007

HKFRS 7, “Financial instruments: Disclosures”, and the complementary amendment to HKAS 1, “Presentation of financial statements— Capital disclosures”, introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group’s financial instruments.

The following interpretations are mandatory for accounting periods beginning on or after 1 January 2007 but did not result in substantial changes to the Group’s accounting policies:

HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

(b) Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published that are mandatory for the Group’s accounting policies beginning on or after 1 January 2008 or later periods but which the Group has not early adopted:

- HK(IFRIC) — Int 11, “HKFRS 2 — Group and Treasury Share Transactions”, effective for annual periods beginning on or after 1 March 2007. This interpretation clarifies that certain types of transactions are accounted for as equity-settled or cash-settled transactions under HKFRS 2. The Group has already commenced the assessment of the impact of this new interpretation, but is not yet in a position to state whether this new interpretation would have a significant impact on its results of operations and financial position.
- HK(IFRIC) — Int 12, “Service Concession Arrangements”, effective for annual periods beginning on or after 1 January 2008. Management does not expect the adoption of this interpretation to be relevant for the Group.
- HK(IFRIC) — Int 13, “Customer Loyalty Programmes”, effective for annual periods beginning on or after 1 July 2008. Management is in the process of assessing the impact of this interpretation.
- HK(IFRIC) — Int 14 “HKAS19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction”, effective for annual periods beginning on or after 1 January 2008. Management does not expect the adoption of this interpretation to be relevant for the Group.

- HKFRS 8, “Operating Segments”, effective for annual periods beginning on or after 1 January 2009. Under HKFRS 8, segments are components of an entity regularly reviewed by an entity’s chief operating decision-maker. Items are reported in the segmental analysis based on the internal reporting. Management is in the process of assessing the impact of this interpretation.
- HKAS 23 (Revised), “Borrowing Cost”, effective for annual periods beginning on or after 1 January 2009. Management does not expect the adoption of this interpretation to be relevant for the Group.
- HKAS 1 (Revised), “Presentation of Financial Statements”, effective for annual periods beginning on or after 1 January 2009. Management is in the process of assessing the impact of this amendment.

3. Revenue and segment information

(a) Primary Reporting Format — Business Segments

No business segment information of the Group is presented as the Group’s revenue, expenses, assets and liabilities and capital expenditures are primarily attributable to the design and distribution of integrated circuits and semi-conductor parts.

(b) Secondary Reporting Format — Geographical Segments

The Group primarily operates in Hong Kong, Taiwan and the People’s Republic of China (the “PRC”). The Group’s turnover by geographical location is determined by the country in which the customer is located.

	For the year ended 31 December	
	2007	2006
	<i>HK\$’000</i>	<i>HK\$’000</i>
Turnover:		
Taiwan	100,622	121,561
PRC	11,880	3,991
	<u>112,502</u>	<u>125,552</u>

Total assets are allocated based on where the assets are located.

Segment assets consist primarily of property, plant and equipment, long term deposits, intangible assets, deferred income tax assets, inventories, trade receivables, deposits, prepayments and other receivables, financial assets through profit or loss, pledged deposits and cash and cash equivalent.

	As at 31 December	
	2007	2006
	<i>HK\$’000</i>	<i>HK\$’000</i>
Total assets:		
Hong Kong	139,029	201,736
Taiwan	110,765	119,717
PRC	13,330	10,347
	<u>263,124</u>	<u>331,800</u>

Capital expenditure is allocated based on where the assets are located.

Capital expenditure comprises mainly additions to property, plant and equipment and intangible assets.

	For the year ended 31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure:		
Hong Kong	44	21
Taiwan	900	1,031
PRC	174	283
	<u>1,118</u>	<u>1,335</u>

4. Expenses by nature

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Charges in inventories	79,288	90,207
Amortisation of intangible assets	627	505
Auditors' remuneration	1,566	1,296
Depreciation of property, plant and equipment	1,428	1,637
Operating lease rentals in respect of buildings	3,839	3,730
(Reversal of provision)/provision for impairment of trade receivables	(34)	50
Provision/(reversal of provision) for impairment of inventories	1,528	(262)
Research and development costs	2,572	1,412
Marketing costs	1,481	2,369
Employee benefit expenses	22,612	19,353
(Reversal of provision)/provision for customers' claims	(2,228)	2,378
Other expenses	5,375	6,337
	<u>118,054</u>	<u>129,012</u>
Total cost of sales, distribution costs and general and administrative expenses	<u>118,054</u>	<u>129,012</u>

5. Income tax expense/(credit)

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates prevailing in the countries in which the Group operates.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current income tax		
— Overseas profits tax (credit)/expense	(264)	1,816
— (Over)/under provision in prior years	(12)	880
Deferred income tax	<u>1,021</u>	<u>(3,051)</u>
	<u><u>745</u></u>	<u><u>(355)</u></u>

6. Trade receivables

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade receivables	<u>11,931</u>	<u>14,362</u>
Less: provision for impairment of receivables	<u>(16)</u>	<u>(50)</u>
Trade receivables, net	<u><u>11,915</u></u>	<u><u>14,312</u></u>

The aging analysis of trade receivables is as follows:

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current	11,915	14,071
1 – 30 days	—	91
31 – 60 days	—	200
91 – 180 days	<u>16</u>	<u>—</u>
	<u><u>11,931</u></u>	<u><u>14,362</u></u>
Denominated in:		
— US\$	8,364	8,841
— NTD	2,664	5,169
— RMB	<u>903</u>	<u>352</u>
	<u><u>11,931</u></u>	<u><u>14,362</u></u>

The carrying amounts of trade receivables approximate their fair values as at 31 December 2007.

The credit period granted by the Group ranges from 30 to 90 days.

7. Financial assets at fair value through profit or loss

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Listed equity securities in		
— United States	107,236	189,460
— Hong Kong	5,036	22
	<u>112,272</u>	<u>189,482</u>
Market value of listed securities	<u>112,272</u>	<u>189,482</u>

Changes in fair value of the financial assets at fair value through profit or loss are recorded in other (losses)/gains — net in the income statement.

The fair value of all equity securities is based on their current bid prices in an active market.

8. Restricted Cash

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Restricted cash	<u>248</u>	<u>245</u>

Restricted cash as at 31 December 2007 represents bank deposits pledged to secure the payment of value added tax as required by Taiwan Tax Bureau. The amount was denominated in New Taiwan dollar with an effective interest rate of 2.13% per annum (2006: 2.13% per annum).

9. Cash and cash equivalents

	Group		Company	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Cash at bank and in hand	24,029	19,052	8,900	2,319
Bank deposits (<i>Note a</i>)	81,200	83,590	9,277	7,544
	<u>105,229</u>	<u>102,642</u>	<u>18,177</u>	<u>9,863</u>
Cash and cash equivalents	<u>105,229</u>	<u>102,642</u>	<u>18,177</u>	<u>9,863</u>
Denominated in:				
— HK\$	24,498	10,174	18,111	9,765
— US\$	19,485	21,756	66	98
— NTD	54,535	69,162	—	—
— RMB	6,711	1,550	—	—
	<u>105,229</u>	<u>102,642</u>	<u>18,177</u>	<u>9,863</u>

Note:

- (a) The effective interest rate on bank deposits per annum was 2.55% (2006: 2.41%); these deposits have an average maturity of 100 days (2006: 153 days).
- (b) At 31 December 2007, funds of the Group amounting to RMB6,251,000 and USD146,000 are kept in bank accounts opened with banks in the PRC where the remittance of funds is subject to foreign exchange controls (2006: RMB1,560,000 and USD826,000).

10. Consolidated statement of changes in equity

	Attributable to equity holders of the Company							Total HK\$'000
	Ordinary shares HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Other statutory reserve HK\$'000	Retained earnings HK\$'000	Minority interests HK\$'000	
Balance at 1 January 2006	33,659	101,263	319	—	1,535	92,959	41,461	271,196
Profit for the year	—	—	—	—	—	25,446	4,141	29,587
Employee share-based compensation scheme	—	—	—	196	—	—	—	196
Transfer to Taiwan statutory reserve	—	—	—	—	511	(511)	—	—
Dividend paid to minority shareholders of a subsidiary	—	—	—	—	—	—	(3,293)	(3,293)
Currency translation differences	—	—	1,300	—	—	—	1,054	2,354
Balance at 31 December 2006	<u>33,659</u>	<u>101,263</u>	<u>1,619</u>	<u>196</u>	<u>2,046</u>	<u>117,894</u>	<u>43,363</u>	<u>300,040</u>
Balance at 1 January 2007 as per above	<u>33,659</u>	<u>101,263</u>	<u>1,619</u>	<u>196</u>	<u>2,046</u>	<u>117,894</u>	<u>43,363</u>	<u>300,040</u>
Loss for the year	—	—	—	—	—	(62,773)	237	(62,536)
Employee share-based compensation scheme	—	—	—	2,073	—	—	—	2,073
Transfer to Taiwan statutory reserve	—	—	—	—	505	(505)	—	—
Dividend paid to minority shareholders of a subsidiary	—	—	—	—	—	—	(3,297)	(3,297)
Currency translation differences	—	—	886	—	—	—	451	1,337
Balance at 31 December 2007	<u>33,659</u>	<u>101,263</u>	<u>2,505</u>	<u>2,269</u>	<u>2,551</u>	<u>54,616</u>	<u>40,754</u>	<u>237,617</u>

11. Trade payables

The aging analysis of trade payables is as follows:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	14,206	15,737
Denominated in:		
— NTD	14,206	15,418
— RMB	—	319
	14,206	15,737

The carrying amount of trade payables approximate their fair values as at 31 December 2007.

12. (Loss)/earnings per share

(a) Basic

The calculation of basic (loss)/earnings per share for the year ended 31 December 2007 is based on the consolidated (loss)/profit attributable to the equity holders of the Company of approximately HK\$(62,773,000) (2006: HK\$25,446,000) and 336,587,142 shares (2006: 336,587,142 shares) in issue during the year. Details of basic (loss)/earnings per share are analysed as follows:

	2007	2006
	<i>HK cents</i>	<i>HK cents</i>
Basic (loss)/earnings per share	(18.65)	7.56

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year (2006: same).

RESULTS

For the year under review, the Group achieved a turnover of approximately HK\$112.5 million, as compared to that of last year of approximately HK\$125.6 million. The loss attributable to shareholders amounted to approximately HK\$62.8 million, as compared to the profit of last year of approximately HK\$25.4 million. The current year loss was mainly attributable to recognising unrealised losses of approximately HK\$64.0 million upon mark to market valuation of the Group's investments in listed equity securities.

DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2007.

BUSINESS REVIEW

Design and distribution of integrated circuit and semi-conductor parts

The turnover reduced to approximately HK\$112.5 million for the year under review as compared to that of last year of approximately HK\$125.6 million. For the year under review, the Group recorded a gross profit of approximately HK\$30.0 million as compared to approximately HK\$31.9 million for the year ended 31 December 2006.

For the year under review, the sales and profit margin of the Group's operation in Shanghai improved due to successful launch of a new product. Turnover of the Group's operation in Shanghai increased from approximately HK\$4.0 million last year to approximately HK\$11.9 million for the year under review. Gross profit margin has also improved from around 43% to around 63%. The Shanghai operation contributed an operating profit of approximately HK\$3.7 million for the current year under review as compared to an operating loss of around HK\$1.3 million for the last year.

However, due to market competition and increase in subcontracting costs, the turnover of the Group's operation in Taiwan reduced from approximately HK\$121.6 million last year to approximately HK\$100.6 million for the current year under review, the gross profit margin also reduced from around 25% to around 22%. The operation in Taiwan contributed an operating profit of approximately HK\$1.8 million for the current year under review as compared to that of approximately HK\$8.7 million for the last year.

Investments holding

As at 31 December 2007, the Company held approximately 3.2 million shares of ChipMOS Technologies (Bermuda) Limited ("ChipMOS"). ChipMOS, listed on NASDAQ, is a leading provider of semi-conductor testing and assembly services to customers in Taiwan, Japan and the United States.

During the year, the Company realised approximately 350,000 shares of ChipMOS with average price of approximately US\$7.4 per share. The net realised gain was approximately HK\$1.6 million.

As at 31 December 2007, the closing market price of ChipMOS was US\$4.26 per share as compared to US\$6.79 per share as at 31 December 2006. Consequently, an unrealised loss of approximately HK\$63.7 million was recorded due to mark to market valuation of the shares for the year under review.

As at 31 December 2007, the Group also held listed securities in Hong Kong with market valuation of approximately HK\$5 million.

FUTURE PLANS AND PROSPECTS

We shall continue to focus our efforts on our current main business in design and distribution of integrated circuit products. In addition, we are also looking for new investment opportunities in order to increase our shareholders' return.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at 31 December 2007, the cash and cash equivalents of the Group amounted to approximately HK\$105.2 million as compared to approximately HK\$102.6 million as at 31 December 2006.

For the year under review, the Group recorded a net cash inflow of approximately HK\$1.3 million, which included outflows of approximately HK\$11.9 million from operating activities and inflows of approximately HK\$16.5 million from investing activities.

Gearing ratio

As at 31 December 2007, the gearing ratio of the Group, defined as total liabilities expressed as a percentage of the total of equity and liabilities, was approximately 9.7% (2006: approximately 9.6%). The Group did not employ any bank financing during the year, and no interest cost was incurred. As at 31 December 2007, the total liabilities (mainly trade payables) of the Group were approximately HK\$25.5 million (2006: approximately HK\$31.8 million).

Foreign currency exposure

The Group has overseas operations in the PRC and Taiwan, it is therefore exposed to exchange fluctuations of Renminbi and New Taiwan dollar.

For the year under review, a net exchange loss of approximately HK\$0.1 million (2006: loss of approximately HK\$0.6 million) was recognised in the consolidated income statement. Exchange differences on translation of overseas subsidiaries of approximately HK\$0.9 million were credited to exchange reserve.

Capital structure

The loss attributable to shareholders for the year under review of approximately HK\$62.8 million was transferred to retained earnings. There was no change in the capital of the Company for the year under review. As at 31 December 2007, the shareholders' fund amounted to approximately HK\$196.9 million (2006: approximately HK\$256.7 million).

Investments and capital assets

The Company held approximately 3.2 million shares of ChipMOS. According to its announcements, for the nine months ended 30 September 2007, ChipMOS achieved an unaudited net income of approximately US\$51 million. On 14 March 2008, the closing market price of ChipMOS was US\$2.96 per share.

During the year under review, the Group acquired fixed assets and intangible assets of approximately HK\$1.1 million (2006: approximately HK\$1.3 million).

Charges on assets

As at 31 December 2007, restricted bank deposits amounted to approximately HK\$0.2 million (2006: approximately HK\$0.2 million) were mainly for the purpose of securing payment of value added tax.

Segment information

For the year ended 31 December 2007, approximately 89% of turnover of the Group was generated from the Group's operation in Taiwan. The Taiwan operations recorded an operating profit of approximately HK\$1.8 million (2006: approximately HK\$8.7 million), while the operations in Shanghai recorded an operating profit of approximately HK\$3.7 million (2006: a loss of approximately HK\$1.3 million). Please refer to Note 3 for more details.

Human resources

The headcount of the Group as at 31 December 2007 was approximately 86.

In 2006, an employee share option scheme was established by the Company's subsidiary in Taiwan, 新茂國際科技股份有限公司, to retain high-calibre employees. The management believes that it is in line with modern commercial practice that eligible employees should be given incentives in the form of options to work towards enhancing the value of the subsidiary and the Group as a whole.

Remuneration packages of employees are reviewed annually with reference to market level and individual staff performance. The Group's remuneration packages include basic salaries, bonus, contributions to provident fund and medical benefits.

Contingent liabilities

No material contingent liabilities of the Group were noted as at 31 December 2007.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

During the year, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained 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:

Code A.4.1

This Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

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. At every annual general meeting of the Company, 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 and every Director shall be subject to retirement by rotation at least once every three years.

Code A.4.2

This Code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

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 of the Company and shall then be eligible for re-election by shareholders at the meeting but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting in accordance with the bye-laws of the Company.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules to regulate the directors’ securities transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2007, and they have all confirmed their respective full compliance with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee comprises solely independent non-executive directors, namely Messrs. Wong Chi Keung (Chairman), Cheng Hok Ming, Albert and Ma Kwai Yuen. Its primary responsibilities include reviewing and supervising the Company's financial reporting process and internal control systems. The Audit Committee and the management have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, and financial reporting matters including review of unaudited interim financial statements and audited annual financial statements. The audit committee has reviewed the audited financial statements of the Group for the year ended 31 December 2007.

On behalf of the Board

Yip Chi Hung

Chairman

Hong Kong, 17 March 2008

Compositions of the Board of Directors as at 17 March 2008

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