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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 2011

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 2011.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	<i>Note</i>	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	4,336	2,053
Intangible assets	9	420	426
Long-term deposits		<u>1,440</u>	<u>1,427</u>
Total non-current assets		<u>6,196</u>	<u>3,906</u>
Current assets			
Inventories		20,472	20,207
Trade receivables	10	12,234	9,016
Deposits, prepayment and other receivables		3,433	3,381
Financial assets at fair value through profit or loss	11	64,736	53,818
Restricted cash		280	275
Short-term bank deposits	12	25,460	34,843
Cash and cash equivalents	12	<u>40,601</u>	<u>32,418</u>
Total current assets		<u>167,216</u>	<u>153,958</u>
Total assets		<u><u>173,412</u></u>	<u><u>157,864</u></u>

* For identification only

		Unaudited	Audited
		30 June	31 December
		2011	2010
	<i>Note</i>	HK\$'000	HK\$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	<i>13</i>	134,922	134,922
Reserves		(14,165)	(31,633)
		120,757	103,289
Non-controlling interest		35,305	35,688
Total equity		156,062	138,977
LIABILITIES			
Non-current liability			
Other payables		530	520
Current liabilities			
Trade payables	<i>14</i>	5,994	4,608
Other payables and accruals		6,943	9,947
Amount due to a related company	<i>15</i>	3,883	3,812
Total current liabilities		16,820	18,367
Total liabilities		17,350	18,887
Total equity and liabilities		173,412	157,864
Net current assets		150,396	135,591
Total assets less current liabilities		156,592	139,497

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2011	2010
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	42,507	44,627
Cost of sales	4	<u>(29,457)</u>	<u>(31,941)</u>
Gross profit		13,050	12,686
Distribution costs	4	(2,189)	(1,645)
General and administrative expenses	4	(16,839)	(16,010)
Other income		402	367
Other gains — net	3, 5	<u>20,792</u>	<u>25,548</u>
Operating profit	3	15,216	20,946
Finance income		<u>475</u>	<u>506</u>
Profit before income tax		15,691	21,452
Income tax expense	6	<u>(111)</u>	<u>(35)</u>
Profit for the period	3	<u>15,580</u>	<u>21,417</u>
Attributable to:			
Equity holders of the Company		16,599	21,697
Non-controlling interest		<u>(1,019)</u>	<u>(280)</u>
		<u>15,580</u>	<u>21,417</u>
Earnings per share (basic and diluted)	7	<u>4.93 cents</u>	<u>6.45 cents</u>
Dividend	8	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	15,580	21,417
Other comprehensive income		
Currency translation differences	<u>1,505</u>	<u>975</u>
Total comprehensive income for the period	<u>17,085</u>	<u>22,392</u>
Total comprehensive income attributable to:		
Equity holders of the Company	17,468	22,248
Non-controlling interest	<u>(383)</u>	<u>144</u>
	<u>17,085</u>	<u>22,392</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital	Share premium	Exchange Reserve	Employee share-based compensation reserve	Other statutory reserve	Retained earnings	Total	Non- controlling interest	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 January									
2010	33,659	101,263	3,144	2,889	1,582	(58,493)	84,044	35,155	119,199
Profit for the period	—	—	—	—	—	21,697	21,697	(280)	21,417
Currency translation differences	—	—	551	—	—	—	551	424	975
Total comprehensive income	—	—	551	—	—	21,697	22,248	144	22,392
Expiry of share option scheme	—	—	—	(2,889)	—	2,889	—	—	—
Balance at 30 June									
2010	<u>33,659</u>	<u>101,263</u>	<u>3,695</u>	<u>—</u>	<u>1,582</u>	<u>(33,907)</u>	<u>106,292</u>	<u>35,299</u>	<u>141,591</u>
Balance at 1 January									
2011	33,659	101,263	7,499	—	1,582	(40,714)	103,289	35,688	138,977
Profit for the period	—	—	—	—	—	16,599	16,599	(1,019)	15,580
Currency translation differences	—	—	869	—	—	—	869	636	1,505
Total comprehensive income	—	—	869	—	—	16,599	17,468	(383)	17,085
Balance at 30 June									
2011	<u>33,659</u>	<u>101,263</u>	<u>8,368</u>	<u>—</u>	<u>1,582</u>	<u>(24,115)</u>	<u>120,757</u>	<u>35,305</u>	<u>156,062</u>

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Unaudited	
	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash outflow from operating activities		
Cash used in operations	(10,142)	(949)
Overseas taxes paid	(111)	(35)
	<u> </u>	<u> </u>
Net cash used in operating activities	(10,253)	(984)
	<u> </u>	<u> </u>
Cash flows from investing activities		
Decrease in term deposits with original maturities over three months	9,383	2,630
Purchase of property, plant and equipment and intangible assets	(2,993)	(2,185)
Purchase of financial assets at fair value through profit or loss	—	(11,655)
Proceeds from disposal of financial assets at fair value through profit or loss	10,755	3,618
Interest received	199	506
	<u> </u>	<u> </u>
Net cash generated from/(used in) investing activities	17,344	(7,086)
	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	7,091	(8,070)
Cash and cash equivalents at 1 January	32,418	30,632
Exchange gains	1,092	815
	<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	<u><u>40,601</u></u>	<u><u>23,377</u></u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

PacMOS Technologies Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in the design and distribution of integrated circuits and semi-conductor parts in Taiwan and the People’s Republic of China (the “PRC”) and investment holding. The Company has its listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is a limited liability company incorporated in Bermuda. The address of the principal place of business of the Company is Suites 2905-10, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong.

This unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 22 August 2011.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by The Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 Segment information

The Group is principally engaged in the design, distribution and trading of integrated circuits and semi-conductor parts in Taiwan and the PRC, and investment holding.

For management purpose, the Group is organised into three main operations:

- (i) corporate administration and investment functions performed by the Hong Kong headquarters;
- (ii) design and sales of micro-controller units used in a wide range of electronic products conducted through the Group’s subsidiary in Taiwan; and
- (iii) design and sales of integrated circuits in calipers used in industrial and household measuring tools conducted through the Group’s subsidiary in the PRC.

These operating segments are the basis on which the Group reports its primary segment information to the chief operating decision maker who is the Chairman of the Board.

The chief operating decision maker assesses the performance of the operating segments based on a measure of revenue, operating profit and net profit.

	Hong Kong <i>HK\$'000</i>	Taiwan <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2011				
Revenue from external customers	<u>—</u>	<u>35,767</u>	<u>6,740</u>	<u>42,507</u>
Operating profit/(loss)	<u>16,727</u>	<u>(2,446)</u>	<u>935</u>	<u>15,216</u>
Profit/(loss) for the period	<u>17,003</u>	<u>(2,264)</u>	<u>841</u>	<u>15,580</u>
Other gains — net, included in operating profit/(loss)	21,145	(340)	(13)	20,792
Capital expenditures	1,005	1,630	358	2,993
As at 30 June 2011				
Segment assets	<u>74,763</u>	<u>87,906</u>	<u>10,743</u>	<u>173,412</u>
Segment liabilities	<u>(2,009)</u>	<u>(9,580)</u>	<u>(5,761)</u>	<u>(17,350)</u>
	<i>Hong Kong</i> <i>HK\$'000</i>	<i>Taiwan</i> <i>HK\$'000</i>	<i>PRC</i> <i>HK\$'000</i>	<i>Total</i> <i>HK\$'000</i>
Six months ended 30 June 2010				
Revenue from external customers	<u>—</u>	<u>38,846</u>	<u>5,781</u>	<u>44,627</u>
Operating profit/(loss)	<u>21,391</u>	<u>(804)</u>	<u>359</u>	<u>20,946</u>
Profit/(loss) for the period	<u>21,684</u>	<u>(621)</u>	<u>354</u>	<u>21,417</u>
Other gains — net, included in operating profit	25,158	388	2	25,548
Capital expenditures	7	2,168	10	2,185
As at 31 December 2010				
Segment assets	<u>59,457</u>	<u>88,465</u>	<u>9,942</u>	<u>157,864</u>
Segment liabilities	<u>(3,580)</u>	<u>(9,288)</u>	<u>(6,019)</u>	<u>(18,887)</u>

For the six months ended 30 June 2011, revenue of approximately HK\$14,216,000 (for the six months ended 30 June 2010: HK\$14,914,000) are derived from a single external customer. This revenue is attributable to the Taiwan segment.

4 Expenses by nature

Expenses included in cost of sales, distribution costs and general and administrative expenses are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	176	108
Depreciation of property, plant and equipment	600	519
Operating lease rentals in respect of land and building	3,503	2,387
Research and development costs	238	717
Marketing costs	917	586
Employee benefit expenses (including directors' emoluments)	11,807	10,505
Cost of inventories sold	28,194	30,950
Others	3,050	3,824
	<u>48,485</u>	<u>49,596</u>
Total cost of sales, distribution costs and general and administrative expenses	<u>48,485</u>	<u>49,596</u>

5 Other gains — net

Other gains recognised during the period are as follows:

	Unaudited	
	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets at fair value through profit or loss:		
— realised gains	2,855	49
— unrealised gains	18,252	24,966
Exchange (losses)/gains — net	(315)	533
	<u>20,792</u>	<u>25,548</u>
Total other gains — net	<u>20,792</u>	<u>25,548</u>

6 Income tax expense

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2010: 16.5%) on the estimated assessable profit for the period. Overseas tax has been calculated on the estimated assessable profit for the period at the rates prevailing in the countries in which the Group operates. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

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

	Unaudited	
	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
— Overseas tax	<u>(111)</u>	<u>(35)</u>
	<u>(111)</u>	<u>(35)</u>

7 Earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to equity holders of the Company of approximately HK\$16,599,000 (2010: HK\$21,697,000) and 336,587,142 shares (2010: 336,587,142 shares) in issue during the period. Details of basic earnings per share are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2011	2010
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings per share	<u>4.93</u>	<u>6.45</u>

8 Dividend

The directors do not recommend the payment of a dividend (six months ended 30 June 2010: Nil).

9 Property, plant and equipment and intangible assets

	Property, plant and equipment <i>HK\$'000</i>	Intangible assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
Opening net book amount as at 1 January 2010	2,061	65	2,126
Additions	1,703	482	2,185
Depreciation and amortisation	(519)	(108)	(627)
Currency translation differences	16	—	16
	<u>3,261</u>	<u>439</u>	<u>3,700</u>
Closing net book amount as at 30 June 2010	<u>3,261</u>	<u>439</u>	<u>3,700</u>
Opening net book amount as at 1 January 2011	2,053	426	2,479
Additions	2,830	163	2,993
Depreciation and amortisation	(600)	(176)	(776)
Currency translation differences	53	7	60
	<u>4,336</u>	<u>420</u>	<u>4,756</u>
Closing net book amount as at 30 June 2011	<u>4,336</u>	<u>420</u>	<u>4,756</u>

10 Trade receivables

The Group normally allows an average credit period of 30 to 60 days to its customers. An ageing analysis of trade receivables is as follows:

	Unaudited 30 June 2011 <i>HK\$'000</i>	Audited 31 December 2010 <i>HK\$'000</i>
Current	12,234	9,016
1 to 30 days	<u>—</u>	<u>—</u>
	12,234	9,016
Less: Provision for impairment of receivables	<u>—</u>	<u>—</u>
	<u>12,234</u>	<u>9,016</u>

11 Financial assets at fair value through profit or loss

	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 <i>HK\$'000</i>
Listed equity securities in		
— The United States of America	63,865	34,268
— Hong Kong	871	890
	<hr/>	<hr/>
Market value of listed securities	64,736	35,158
Investment in unlisted convertible bonds	—	18,660
	<hr/>	<hr/>
	64,736	53,818
	<hr/> <hr/>	<hr/> <hr/>

Changes in fair value of the financial assets at fair value through profit or loss are recorded in other gains, net in the condensed consolidated interim income statement.

During the six months ended 30 June 2011, the convertible bonds were converted into the underlying shares, which were recorded in listed securities as shown in the table above.

The fair value of all equity securities was determined based on their bid prices in an active market as at 30 June 2011.

As at 30 June 2011, the carrying amounts of the Group's interests in the shares of ChipMOS Technologies (Bermuda) Ltd. represented 37% of the total assets of the Group.

The quoted market price of ChipMOS as at 19 August 2011 was approximately US\$5.27.

12 Cash and cash equivalents and short-term bank deposits

	Unaudited 30 June 2011 HK\$'000	Audited 31 December 2010 <i>HK\$'000</i>
Cash at bank	18,019	14,364
Term deposits with original maturities of three months or less	22,565	17,901
Cash on hand	17	153
	<hr/>	<hr/>
Cash and cash equivalents	40,601	32,418
	<hr/>	<hr/>
Term deposits with original maturities over three months	25,460	34,843
	<hr/>	<hr/>
Total cash and bank balances	66,061	67,261
	<hr/> <hr/>	<hr/> <hr/>

13 Share capital

	Number of issued share (thousands)	Issued ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total share capital <i>HK\$'000</i>
At 31 December 2010 and 30 June 2011	<u>336,587</u>	<u>33,659</u>	<u>101,263</u>	<u>134,922</u>

The total authorised number of ordinary shares is 500 million shares (31 December 2010: 500 million shares) with a par value of HK\$0.1 per share (31 December 2010: HK\$0.1 per share). All issued shares are fully paid.

14 Trade payables

An ageing analysis of the trade payables is as follows:

	Unaudited 30 June 2011 <i>HK\$'000</i>	Audited 31 December 2010 <i>HK\$'000</i>
Less than one year	<u>5,994</u>	<u>4,608</u>

15 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) During the period, the Group undertook the following significant transactions with related parties:

	Note	Unaudited Six months ended 30 June 2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Rental income from Fong Wing Shing Construction Company Limited ("Fong Wing Shing"), an entity with a director in common with the Company	(i)	<u>332</u>	<u>193</u>
Expenses paid/payable to Mosel Vitelic Inc. ("MVI"), a substantial shareholder			
Rental expenses	(ii)	49	44
Other service fees	(iii)	47	44
		<u>96</u>	<u>88</u>

- (i) The rental was charged to Fong Wing Shing based on the floor area occupied.
- (ii) The rental expenses payable to MVI were charged by reference to open market rental as appraised by an independent valuer for comparable premises.
- (iii) The design service fees and other service fees payable to MVI were at a price mutually agreed between the parties.

(b) Amount due to a related company was as follows:

	Unaudited 30 June 2011 <i>HK\$'000</i>	Audited 31 December 2010 <i>HK\$'000</i>
Due to MVI	<u>3,883</u>	<u>3,812</u>

Balance with a related company was unsecured, interest-free and repayable on demand. The carrying amount of amount due to a related company approximates its fair value.

(c) *Key management compensation*

	Unaudited Six months ended 30 June 2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Salaries, allowances and other benefits in kind	1,022	946
Bonus	<u>113</u>	<u>100</u>
	<u>1,135</u>	<u>1,046</u>

16 Commitments

At 30 June 2011, the total future minimum lease payments payable under non-cancellable operating leases were as follows:

	Unaudited 30 June 2011 <i>HK\$'000</i>	Audited 31 December 2010 <i>HK\$'000</i>
Total future minimum lease payments payable:		
— Not later than 1 year	5,723	4,269
— Later than 1 year and not later than 5 years	<u>7,745</u>	<u>7,178</u>
	<u>13,468</u>	<u>11,447</u>

RESULTS

During the six months ended 30 June 2011, the Group achieved a turnover of approximately HK\$42.5 million, representing a decrease of approximately 5% as compared to the six months ended 30 June 2010. The profit attributable to equity holders was approximately HK\$16.6 million, as compared to approximately HK\$21.7 million for the six months ended 30 June 2010.

DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2011.

BUSINESS REVIEW

Design and distribution of integrated circuit and semi-conductor parts

For the six months ended 30 June 2011, with soft market demand, our operation in Taiwan recorded revenue of approximately HK\$35.8 million, a decrease of approximately 8% as compared to the corresponding period last year. Our operation in Shanghai recorded a continuing growth in revenue to approximately HK\$6.7 million, an increase of approximately 17% as compared to the corresponding period last year. The gross profit margin of our operation in Taiwan was approximately 24% (2010: approximately 23%) and that for our operation in Shanghai was approximately 67% (2010: approximately 65%). For the period under review, the operation in Taiwan recorded a net loss of approximately HK\$2.3 million (2010: approximately HK\$0.6 million) while the operation in Shanghai earned a net profit of approximately HK\$1.0 million (2010: approximately HK\$0.4 million).

Investment holding

As at 30 June 2011, the Group held approximately 915,000 shares of ChipMOS Technologies (Bermuda) Limited (“ChipMOS”), a company listed on the NASDAQ. ChipMOS is a leading provider of semiconductor testing and assembly services to customers in Taiwan, Japan and the United States of America.

On 8 March 2010, the Company purchased from ChipMOS convertible bonds of US\$1.5 million with a conversion price of US\$5.00 per share of ChipMOS. On 19 April 2011, ChipMOS exercised its right to effect a conversion of the convertible bonds for the full amount of US\$1.5 million. The aggregate number of shares of ChipMOS obtained by the Company were 351,734 shares.

During the period under review, the Company disposed on the NASDAQ 165,752 shares of ChipMOS with an average price of approximately US\$8.3 per share. Sale proceeds obtained by the Company were approximately HK\$10.8 million with a realised gain of approximately HK\$2.9 million.

As at 30 June 2011, the quoted market price of ChipMOS was approximately US\$8.97 per share, as compared to approximately US\$6.12 per share as at 31 December 2010. An unrealised gain of approximately HK\$14.9 million was recorded during the period under review due to mark-to-market valuation of the shares.

The quoted market price of ChipMOS as at 19 August 2011 was approximately US\$5.27.

Future plans and prospects

The Group will continue to focus on its main business in the design and trading of integrated circuit products. Research and development activities are underway to improve our existing products and to develop new products in order to strengthen our competitive edge in the long run.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the cash and cash equivalents of the Group amounted to approximately HK\$40.6 million (31 December 2010: approximately HK\$32.4 million).

For the six months ended 30 June 2011, the net cash inflow of the Group amounted to approximately HK\$7.1 million (2010: net cash outflow amounted to approximately HK\$8.1 million).

As at 30 June 2011, the Group had no outstanding bank loan and no financing cost was incurred for the six months ended 30 June 2011.

As at 30 June 2011, the Group had short-term bank deposits of approximately HK\$25.5 million (31 December 2010: approximately HK\$34.8 million).

GEARING RATIO

No debt financing had been raised for the period under review.

As at 30 June 2011, the gearing ratio of the Group, defined as total liabilities expressed as a percentage of total assets, was approximately 10.0% (31 December 2010: approximately 12.0%).

FOREIGN CURRENCY EXPOSURE

The Group's results are exposed to exchange fluctuations of Renminbi and New Taiwan dollars as the Group has overseas operations in the PRC and Taiwan.

For the period under review, a net exchange loss of approximately HK\$0.3 million (2010: gain of approximately HK\$0.5 million) was recognised in the condensed consolidated income statement. Exchange differences, arising upon translation of overseas operations, amounted to approximately HK\$0.9 million was credited to the exchange reserve (2010: credited of approximately HK\$0.6 million).

CAPITAL STRUCTURE

No new capital was raised for the six months ended 30 June 2011. The profit attributable to equity holders for the period of approximately HK\$16.6 million was transferred to reserves. As at 30 June 2011, the shareholders' fund was approximately HK\$120.8 million (31 December 2010: approximately HK\$103.3 million).

INVESTMENTS AND CAPITAL ASSETS

The Group acquired property, plant and equipment and intangible assets of approximately HK\$3.0 million for the six months ended 30 June 2011.

As at 30 June 2011, the Group held shares of ChipMOS at mark-to-market valuation of approximately HK\$63.9 million (31 December 2010: approximately HK\$34.3 million). In addition, the Group held some shares of Hong Kong listed companies with mark-to-market value of approximately HK\$0.9 million as at 30 June 2011 (31 December 2010: approximately HK\$0.9 million). For the period under review, the Group sold ChipMOS shares with a total sale proceeds of approximately HK\$10.8 million.

CHARGE ON ASSETS

As at 30 June 2011, the Group had restricted banks deposits of approximately HK\$0.3 million, for the purpose of securing payment of value added tax as required by Taiwan Tax Bureau.

SEGMENTAL INFORMATION

For the period under review, the operation in Taiwan contributed approximately 84% (2010: approximately 87%) of the revenue of the Group, while the remaining approximately 16% (2010: approximately 13%) was contributed by the operation in Shanghai.

HUMAN RESOURCES

As at 30 June 2011, the number of staff of the Group was approximately 88.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2011.

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 2011.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the changes in information of directors of the Company subsequent to the date of the 2010 annual report of the Company are set out below:

Dr. Ma Kwai Yuen, Independent Non-executive Director, has been appointed as independent non-executive director and chairman of audit and corporate governance committees of China Fiber Optic Network System Group Limited (stock code: 3777), a company listed on the Stock Exchange, with effect from 3 June 2011. Dr. Ma also received a Doctor of Philosophy in Business Administration from Bulacan State University in May 2011.

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 INFORMATION

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the “Code”) of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules for the accounting period covered by the 2011 interim report 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 by-laws of the Company.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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, which they have complied with the required standard set out in the Model Code during the six months ended 30 June 2011.

On behalf of the Board

Yip Chi Hung

Chairman

Hong Kong, 22 August 2011

As at the date of this announcement, the Board comprises five directors. The executive directors of the Company are Mr. Yip Chi Hung and Mr. Chen Che Yuan and the independent non-executive directors are Mr. Wong Chi Keung, Mr. Cheng Hok Ming, Albert and Dr. Ma Kwai Yuen.