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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

IN RELATION TO
TERMINATION OF CONTINUING CONNECTED TRANSACTION

The Directors announce that on 27 June 2006 and by mutual consent, SyncMOS, Taiwan and MVI agreed to terminate the Lease with effect from 8 August 2006 (“**Termination of Lease**”). Under the agreement, other than normal rental payment and outgoings up to 8 August 2006 payable by SyncMOS, Taiwan, neither party is liable to pay any compensation to the other party in respect of the termination.

The Termination of Lease constitutes a connected transaction of the Company under Rule 14A.34, which is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the approval of independent shareholders of the Company. Details of the Termination of Lease will be included in the next annual report and accounts of the Company as required under Rule 14A.45 of the Listing Rules.

Reference is made to the announcement of the Company dated 5 January 2006 (the “**Announcement**”), regarding a continuing connected transaction in relation to a lease agreement dated 5 January 2006 (the “**Lease**”) and entered into between 新茂國際科技股份有限公司 (“**SyncMOS, Taiwan**”), an approximate 55% subsidiary of the Company, as lessee and Mosel Vitelic Inc. (“**MVI**”), a substantial shareholder of the Company, as lessor. Terms in this announcement shall have the same meanings as those defined in the Announcement unless defined otherwise.

As set out in the Announcement, the Lease was in respect of the office premises of Unit A (excluding Rooms 422, 423 and 428) and Unit C, Rooms 407 and 408 (together with 8 car-parking spaces) at No. 1 Creation Road 1, Science-Based Industrial Park, Hsinchu, Taiwan and for the term from 9 January 2006 to 8 January 2008, at the rental and service charges of approximately NTD396,291 (equivalent to approximately HKD94,898) per month.

Termination of Connected Transaction

The Directors announce that on 27 June 2006 and by mutual consent, SyncMOS, Taiwan and MVI agreed to terminate the Lease with effect from 8 August 2006 (“**Termination of Lease**”). Under the agreement, other than normal rental payment and outgoings up to 8 August 2006 payable by SyncMOS, Taiwan, neither party is liable to pay any compensation to the other party in respect of the termination. The terms of the Termination of Lease have been negotiated on an arm’s length basis, in the ordinary course of business of the Company and on normal commercial terms.

Due to expansion of the business of SyncMOS, Taiwan, the premises under the Lease become no longer sufficient for the need of SyncMOS, Taiwan. SyncMOS, Taiwan will move the office to another premises leased from an independent third party with total area of approximately 12,770 square feet (Total area of current premises under the Lease: Approximately 11,525 square feet).

The Termination of Lease constitutes a connected transaction for the reason that MVI is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of the fact that MVI is a substantial shareholder of the Company, holding approximately 31.50% of the issued share capital of the Company. SyncMOS, Taiwan is a joint venture company which is held by the Company and MVI as to approximately 55% and as to approximately 24.20% of the issued share capital respectively. The remaining approximately 20.8% shareholding is owned as to approximately 5.71% by directors and/or chief executives of MVI and their subsidiaries and as to approximately 15.09% by, to the best of the Directors’ knowledge, information and belief, independent third parties. (For further details, please also refer to the Announcement)

Due to the reasons stated above, the Directors including the independent non-executive Directors, are of the opinion that the terms of the Termination of Lease (i) are on arm’s length basis, (ii) are fair and reasonable, (iii) are on normal commercial terms and that the transaction is in the interests of the Company and the shareholders of the Company as a whole.

Principal Businesses

The principal businesses of the Company are the design, sale and distribution of integrated circuits products and other investments.

The business of SyncMOS, Taiwan is principally engaged in the wholesale of electronic materials and components and the provision of industrial and commercial services (including research and development of electronic materials and components) and products design.

The business of MVI is to develop, manufacture and market of large size integrated circuits and related electronic components, such as DRAM and SRAM.

Disclosure

On the basis of the fixed monthly rental and service charges of approximately NTD396,291 (equivalent to approximately HKD94,898), the aggregate amount to be paid per annum by the Group to MVI under the Lease for each of the 2 years ending on 9 January 2008 will be NTD4,755,492 (equivalent to approximately HKD1,138,768), resulting in the applicable percentage ratios being more than 0.1% but less than 2.5%. The Termination of Lease constitutes a connected transaction of the Company under Rule 14A.34, which is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the approval of independent shareholders of the Company. Details of the Termination of Lease will be included in the next annual report and accounts of the Company as required under Rule 14A.45 of the Listing Rules.

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 Mr. Ma Kwai Yuen.

By order of the Board of
PacMOS Technologies Holdings Limited
Yip Chi Hung
Chairman

Hong Kong, 27 June 2006

* *For identification purpose only*

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