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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in PacMOS Technologies Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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

(incorporated in Bermuda with limited liability)

(Stock Code: 1010)

**PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME
BY A SUBSIDIARY OF THE COMPANY**

A notice convening a special general meeting of the Company to be held at The Picasso & Exter Suites, Butterfield's, Level 3, Dorset House, Taikoo Place, 979 King's Road, Hong Kong on Wednesday, 29 November 2006 at 10:00 a.m. to approve the matters referred to in this circular is set out on pages 22 to 23 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong at Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the respective meanings set out opposite them:

“Adoption Date”	26 October 2006, being the date on which the SyncMOS Share Option Scheme is conditionally adopted by SyncMOS;
“Associate”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of Directors for the time being or a duly authorized committee thereof;
“Business Day”	a day (other than Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business;
“Bye-laws”	the bye-laws of the Company for the time being;
“Companies Act”	the Companies Act 1981 of Bermuda (as modified from time to time);
“Companies Law”	the Companies Law of Taiwan (as modified from time to time);
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as modified from time to time);
“Company”	PacMOS Technologies Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange;
“Connected Person”	shall have the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company for the time being;

DEFINITIONS

“Effective Date”	the date on which the SyncMOS Share Option Scheme becomes unconditional in all respects and takes effect, or such other date as may be determined by the SyncMOS Board;
“Eligible Employee”	any full-time employee of SyncMOS (including any executive and non-executive SyncMOS Directors) for the time being who has joined SyncMOS on or before 31 December 2006;
“Exercised Option”	a Vested Option, which has been exercised in accordance with its terms of grant and the terms of the SyncMOS Share Option Scheme, but the SyncMOS Shares in respect of such exercise has not been allotted and issued to the relevant Grantee;
“Grantee”	any Eligible Employee who accepts the offer of the grant of any Option in accordance with the terms of the SyncMOS Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its Subsidiaries from time to time;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	10 November 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended or supplemented from time to time);
“Offer Date”	the date on which the SyncMOS Board passes a resolution approving the making of an offer of grant of an Option to an Eligible Employee;
“Option”	an option to subscribe for SyncMOS Shares granted pursuant to the SyncMOS Share Option Scheme;

DEFINITIONS

“Option Period”	in respect of an Option, such period as the SyncMOS Board may in its absolute discretion determine, save that such period shall not commence prior to the vesting of such Option and shall, subject to the provisions of the SyncMOS Share Option Scheme, end no later than 31 December 2009 and that the SyncMOS Board may at its discretion determine other restrictions before the exercise of the subscription right attaching thereto;
“SGM”	the special general meeting of the Company to be held at The Picasso & Exter Suites, Butterfield’s, Level 3, Dorset House, Taikoo Place, 979 King’s Road, Hong Kong on Wednesday, 29 November 2006 at 10:00 a.m., to consider and, if appropriate, to approve, among other matters, the SyncMOS Share Option Scheme or any adjournment thereof;
“Shares”	the shares of \$0.10 each in the capital of the Company (or shares of such nominal amount as shall result from any sub-division or consolidation of such shares from time to time);
“Shareholders”	holders of the Shares for the time being;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per SyncMOS Share at which a Grantee may subscribe for SyncMOS Shares upon exercise of an Option in accordance with the terms of the SyncMOS Share Option Scheme;
“Subsidiary(ies)”	shall have the meaning defined in the Companies Ordinance;
“substantial shareholder”	shall have the meaning ascribed to it under the Listing Rules;
“SyncMOS”	新茂國際科技股份有限公司 (for identification purpose only, the English translation thereof being “SyncMOS Technologies International, Inc.”), a company incorporated in Taiwan and an approximate 55% owned indirect subsidiary of the Company as at the Latest Practicable Date;

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“SyncMOS Board”	the board of directors of SyncMOS for the time being or a duly authorised committee thereof;
“SyncMOS Directors”	directors of SyncMOS for the time being;
“SyncMOS Group”	SyncMOS and its Subsidiaries from time to time;
“SyncMOS Shareholders”	holders of the SyncMOS Shares for the time being;
“SyncMOS Shares”	ordinary shares of NT\$10.00 each (or of such other nominal amount as shall result from a sub-division, consolidation, re-classification or re-construction of such shares from time to time) of SyncMOS;
“SyncMOS Share Option Scheme”	SyncMOS’s share option scheme in the form adopted by the Shareholders at the SGM or any amended form;
“trading day”	a day on which the Stock Exchange is open for the trading of securities;
“Unvested Option”	an Option which is not a Vested Option, and which, accordingly, is not capable of exercise by the Grantee until it becomes a Vested Option in accordance with the terms of the SyncMOS Share Option Scheme;
“vest”	the crystallisation of a Grantee’s right to exercise an Option in accordance with the terms of the SyncMOS Share Option Scheme (and “vested” and “vesting” shall be construed accordingly);
“Vested Option”	an Option which has vested;
“\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan; and
“%”	per cent.



PacMOS Technologies Holdings Limited
(弘茂科技控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 1010)

Executive Directors:

Yip Chi Hung (*Chairman*)

Chen Che Yuan (*Chief Executive Officer*)

Independent Non-executive Directors:

Wong Chi Keung

Cheng Hok Ming, Albert

Ma Kwai Yuen

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal place of business

in Hong Kong:

27th Floor

Cambridge House

Taikoo Place

979 King's Road

Island East

Hong Kong

13 November 2006

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME
BY A SUBSIDIARY OF THE COMPANY**

A. INTRODUCTION

The purpose of this circular is to (i) provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution at the SGM for the adoption of the SyncMOS Share Option Scheme; and (ii) give you notice of the SGM at which necessary resolution approving the said proposal will be sought.

* For identification purpose only

LETTER FROM THE BOARD

B. ADOPTION OF THE SYNCMOS SHARE OPTION SCHEME

SyncMOS is an indirect non-wholly owned Subsidiary of the Company. As at the Latest Practicable Date, SyncMOS was owned as to approximately 55% by the Group. SyncMOS is a company with limited liability incorporated in Taiwan on 20 July 2001 and 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. As at the Latest Practicable Date, no share option scheme has ever been adopted by SyncMOS, which remains effective. The Board proposes that the SyncMOS Share Option Scheme, which will comply in full with the requirements under Chapter 17 of the Listing Rules, be approved by the Company and adopted by SyncMOS in the SGM.

Reasons for adoption of the SyncMOS Share Option Scheme

The Board has long recognised that qualified and skilled persons are in demand and invaluable to the growth and development of the Group's business. The Board believes that it is in line with modern commercial practice that the Eligible Employees of SyncMOS be given incentives, in the form of options to subscribe for the SyncMOS Shares, to work towards enhancing the value of SyncMOS and for the benefit of SyncMOS and the Group as a whole. The Board also believes that the SyncMOS Share Option Scheme will provide an effective means to provide incentives or rewards to Eligible Employees for their contribution to SyncMOS and/or to enable SyncMOS to recruit and retain high-calibre employees and attract human resources that are valuable to SyncMOS.

The Directors are of the view that the SyncMOS Share Option Scheme will serve the motivation and reward purposes as the SyncMOS Board would be able to devise incentive programs for Eligible Employees taking into account their past and expected contribution to the development and growth of SyncMOS.

Under the rules of the SyncMOS Share Option Scheme, the SyncMOS Board may during the valid and effective period of the SyncMOS Share Option Scheme make an offer of any Option to an Eligible Employee (being a full-time employee of SyncMOS (including any executive and non-executive SyncMOS Directors) for the time being who has joined SyncMOS on or before 31 December 2006) as the SyncMOS Board may in its absolute discretion select, and subject to such conditions as it may think fit. All Options shall be Unvested Options upon grant and, subject to a Grantee continuing to be an Eligible Employee, 50% of such Options shall vest and become Vested Options upon the expiry of the period of 12 months after the Offer Date; and the balance 50% of such Options shall vest and become Vested Options upon the expiry of the period of 24 months after the Offer Date. Subject to vesting of an Option, the SyncMOS Board may in its absolute discretion determine the Option Period in respect of an Option and also has discretion to determine other restrictions before exercise of the subscription right attaching to an Option, provided that the Option Period shall end no later than 31

LETTER FROM THE BOARD

December 2009. The initial Subscription Price (subject to adjustment as more particularly detailed in paragraphs (h) and (q) of the Appendix) is NT\$10.00 per SyncMOS Share. The Directors believe that such discretion of the SyncMOS Board can provide incentive to the Eligible Employees to use their best endeavours in assisting the growth and development of SyncMOS.

As at the Latest Practicable Date, the Group is interested in 17,600,000 SyncMOS Shares, representing approximately 55% of the total issued share capital of SyncMOS. Under the rules of the SyncMOS Share Option Scheme, the maximum number of SyncMOS Shares that may be allotted and issued upon exercise of all Options that may be granted under the SyncMOS Share Option Scheme shall be 3,000,000 SyncMOS Shares (subject to adjustment as more particularly detailed in paragraph (q) of the Appendix), representing approximately 9.375% of the total issued share capital of SyncMOS as at the Latest Practicable Date. In the event of exercise in full of the Options that may be initially granted under the SyncMOS Share Option Scheme (being Options in respect of 3,000,000 SyncMOS Shares and assuming there is no other change to the shareholding structure of SyncMOS after the Latest Practicable Date), the interest of the Group in SyncMOS will be diluted to approximately 50.29%.

According to the requirements of the Listing Rules, the maximum number of SyncMOS Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the SyncMOS Share Option Scheme and any other share option schemes of SyncMOS must not exceed 30% of the total number of SyncMOS Shares in issue from time to time. No options may be granted under the SyncMOS Share Option Scheme or any other share option schemes of SyncMOS if this will result in the aforesaid limit being exceeded.

A resolution was passed by the SyncMOS Board and the SyncMOS Shareholders on 26 September 2006 and 26 October 2006 respectively to approve the adoption of the SyncMOS Share Option Scheme by SyncMOS.

A summary of the principal terms of the SyncMOS Share Option Scheme are set out in the Appendix to this circular.

The SyncMOS Share Option Scheme is conditional upon:

- (i) passing of the ordinary resolution by the Shareholders approving its adoption at the SGM; and
- (ii) all necessary consents, confirmations, approvals and authorisations having been obtained from, and all necessary filings and registrations having been performed with, all applicable governmental, regulatory and other authorities, agencies and departments in Taiwan in relation to the adoption of the SyncMOS Share Option Scheme.

LETTER FROM THE BOARD

If the above conditions are not satisfied on or before 31 December 2006 (or such later date as may be determined by the SyncMOS Board), the SyncMOS Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the SyncMOS Share Option Scheme.

C. NOTICE

You will find on pages 22 to 23 of this circular a notice convening the SGM to be held at The Picasso & Exter Suites, Butterfield's, Level 3, Dorset House, Taikoo Place, 979 King's Road, Hong Kong on Wednesday, 29 November 2006 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the resolution to approve the adoption of the SyncMOS Share Option Scheme by way of a poll.

Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy for the SGM in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong at Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

In accordance with Rule 17.02(1)(a) of the Listing Rules, the Company will publish an announcement on the outcome of the SGM in respect of the resolution for the adoption of the SyncMOS Share Option Scheme on the business day following the date of the SGM.

D. PROCEDURES FOR DEMANDING A POLL

Below is the information required under the Listing Rule 13.55(3) to be disclosed to Shareholders the procedure by which Shareholders may demand a poll pursuant to the Bye-laws of the Company.

According to Bye-law 70 of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the Chairman of such meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the rights to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (v) by the Listing Rules.

The chairman of the SGM will exercise his power under Bye-law 70 of the Company's Bye-laws to put the resolution to the vote by way of a poll.

E. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

F. DOCUMENTS AVAILABLE FOR INSPECTION

The rules of the SyncMOS Share Option Scheme are available for inspection at the Company's principal place of business in Hong Kong during the 14-day period before the date of the SGM and at the venue of the SGM during the SGM.

G. RECOMMENDATION

The Board considers that the proposal for the adoption of the SyncMOS Share Option Scheme referred to in this circular is in the best interests of the Company and its Shareholders as a whole and accordingly recommends all Shareholders to vote in favour of the resolution relating to the adoption of the SyncMOS Share Option Scheme to be proposed at the SGM.

H. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix to this circular.

Yours faithfully,
On behalf of the Board
Yip Chi Hung
Chairman

Set out below is a summary of the principal terms of the SyncMOS Share Option Scheme to provide sufficient information to the Shareholders for their consideration.

(A) PURPOSE OF THE SYNCMOS SHARE OPTION SCHEME

The purpose of the SyncMOS Share Option Scheme is to provide incentives or rewards to Eligible Employees for their contribution to SyncMOS and/or to enable SyncMOS to recruit and retain high-calibre employees and attract human resources that are valuable to SyncMOS.

(B) WHO MAY JOIN

The SyncMOS Board shall be entitled at any time and from time to time within one (1) year after the Effective Date, at its absolute discretion, to offer to grant to any Eligible Employee as the SyncMOS Board may in its absolute discretion select, and subject to such conditions as the SyncMOS Board may think fit, an Option or Options to subscribe for such number of the SyncMOS Shares as the SyncMOS Board may determine at the Subscription Price.

“Eligible Employees” mean any full-time employee of SyncMOS (including any executive and non-executive SyncMOS Directors) for the time being who has joined SyncMOS on or before 31 December 2006.

The basis of eligibility of any Eligible Employees to the grant of any Options shall be determined by the SyncMOS Directors from time to time on the basis of their (past and expected) contribution to the development and growth of SyncMOS.

(C) MAXIMUM NUMBER OF SYNCMOS SHARES

Subject to the terms of the SyncMOS Share Option Scheme, the maximum number of the SyncMOS Shares that may be allotted and issued upon exercise of all Options that may be granted under the SyncMOS Share Option Scheme shall be 3,000,000 SyncMOS Shares, representing approximately 9.375% of the total number of the SyncMOS Shares in issue as at the Adoption Date.

Notwithstanding any provision to the contrary herein, the maximum number of SyncMOS Shares which may be issued upon exercise of all outstanding options granted any yet to be exercised under the SyncMOS Share Option Scheme and any other share option schemes of SyncMOS must not exceed 30% of the total number of SyncMOS Shares in issue from time to time. No options may be granted under the SyncMOS Share Option Scheme or any other share option schemes of SyncMOS if this will result in the aforesaid limit being exceeded.

(D) MAXIMUM ENTITLEMENT OF EACH ELIGIBLE EMPLOYEE

- (aa) Subject to (bb) below and for so long as SyncMOS remains a Subsidiary of the Company, no Eligible Employee shall be granted any Options which, if exercised in full, would result in the total number of the SyncMOS Shares already issued under all the options granted to him or her which have been exercised and issuable under all the options granted to him or her which are for the time being subsisting and unexercised under the SyncMOS Share Option Scheme and any other share option schemes of SyncMOS in any 12-month period to exceed 1 per cent. of the total number of the SyncMOS Shares in issue.
- (bb) For so long as SyncMOS remains a Subsidiary of the Company, no Eligible Employee shall be granted an Option, if the total number of the SyncMOS Shares issued and to be issued upon exercise of all the options granted and to be granted to it or him or her (including both exercised and outstanding options) in any 12-month period up to and including the date of such further grant would exceed 1 per cent. of the total number of the SyncMOS Shares in issue unless such further grant has been approved by the SyncMOS Shareholders and the Shareholders in general meetings with the Eligible Employee and his Associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Employee, the number and terms of the Options to be granted and options previously granted to such Eligible Employee and the information as required under the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Eligible Employee must be fixed before the approvals of the SyncMOS Shareholders and the Shareholders and the date of the meeting of the SyncMOS Board for proposing such further grant of Option should be taken as the Offer Date for the purpose of calculating the minimum Subscription Price (where applicable).
- (cc) Without prejudice to (aa) and (bb) above and subject to paragraph (q) below, the maximum number of the SyncMOS Shares issued and which may fall to be issued upon exercise of Options to each Grantee under the SyncMOS Share Option Scheme shall not exceed 300,000 SyncMOS Shares, representing 10% of the maximum number of the SyncMOS Shares that may be issued upon exercise of all Options that may be granted under the SyncMOS Share Option Scheme.

(E) GRANT OF OPTIONS TO CONNECTED PERSONS

- (aa) For so long as SyncMOS remains a Subsidiary of the Company, each grant of Options to any Eligible Employee who is for the time being a Connected Person of the Company or any of his Associates under the SyncMOS Share Option Scheme must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is a Grantee of the Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.

(bb) For so long as SyncMOS remains a Subsidiary of the Company, where any proposed grant of Options to any Eligible Employee who is for the time being a substantial shareholder or an independent non-executive director of the Company, or any of his Associates, would result in the SyncMOS Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the SyncMOS Shares in issue; and
- (ii) having an aggregate value, assuming such Options were exercised and based on the adjusted net asset value per SyncMOS Share in accordance with the latest audited accounts of SyncMOS, in excess of HK\$5,000,000,

such further proposed grant of Options must be approved by the Shareholders in accordance with the requirements of the Listing Rules.

For so long as SyncMOS remains a Subsidiary of the Company, the Shareholders' approval as required under this paragraph (e)(bb) is also required for any change in the terms of Options granted to an Eligible Employee who is for the time being a substantial shareholder or an independent non-executive director of the Company, or any of his Associates.

(F) TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION

(aa) An offer of the grant of an Option shall remain open for acceptance by the Eligible Employee concerned for a period of 3 Business Days from the date on which it is made provided that no such offer shall be opened for acceptance after the first anniversary of the Effective Date or after the SyncMOS Share Option Scheme has been terminated, whichever is the earlier.

(bb) All Options shall be Unvested Options upon grant and, subject to a Grantee continuing to be an Eligible Employee and paragraph (u) below, Unvested Options shall vest with a Grantee automatically in accordance with the following schedule:

- (i) upon the expiry of the period of 12 months after the Offer Date, 50% of such Options shall vest and become Vested Options; and
- (ii) upon the expiry of the period of 24 months after the Offer Date, the balance 50% of such Options shall vest and become Vested Options.

- (cc) A Vested Option may be exercised in whole or in part by the Grantee (or, as the case may be, his or her legal personal representative(s)) giving notice in writing to SyncMOS during the Option Period. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for the SyncMOS Shares in respect of which the notice is given. SyncMOS will apply to the relevant governmental and regulatory authorities for consents and permits for the allotment and issue of the relevant SyncMOS Shares in or about December of the year in which the Vested Option is exercised (or such other time as the SyncMOS Board may in its absolute discretion determine) and the relevant SyncMOS Shares will only be allotted and issued upon SyncMOS having obtained all such consents and permits. For the avoidance of doubt, SyncMOS shall have no obligation to proceed with the application for such consents and permits after receipt of the notice and the remittance or soon thereafter. The exercise of any Option shall be subject to SyncMOS having obtained all consents and permits of the relevant governmental and regulatory authorities for the allotment and issue of the relevant SyncMOS Shares in accordance with this paragraph.

(G) PERFORMANCE TARGETS

There is no performance target that has to be achieved before the exercise of any Vested Option except otherwise imposed by the SyncMOS Board.

(H) SUBSCRIPTION PRICE FOR SYNCMOS SHARES

- (aa) Subject to (bb), (cc), (dd) below and paragraph (q) below, the Subscription Price shall be the higher of (i) NT\$10.00 per SyncMOS Share; and (ii) the face value of a SyncMOS Share.
- (bb) For so long as SyncMOS remains a Subsidiary of the Company, the Subscription Price, subject to (cc) below and paragraph (q) below, of any Option granted at any time:
- (i) after the Company or SyncMOS has resolved to seek a separate listing of SyncMOS on the Main Board or the Growth Enterprise Market of the Stock Exchange or an overseas stock market up to the listing date; or
 - (ii) during the period commencing 6 months before the filing of Form A1 (having its meaning defined in the Listing Rules), or its equivalent for listing on the Growth Enterprise Market of the Stock Exchange or an overseas stock exchange, and up to the listing date of SyncMOS,

shall not be less than the new issue price (if any). If the Subscription Price of any such Options shall be lower than the new issue price, such Subscription Price shall upon the date of the listing be adjusted and increased to the new issue price and any Grantee who has exercised such Options prior to the date of the listing will be required to pay SyncMOS the difference between the original Subscription Price and such adjusted Subscription Price in respect of the relevant Options exercised within seven (7) business days after the date of the listing. For the avoidance of doubt, no downward adjustment shall be required if the new issue price is less than the Subscription Price set out in (aa) above.

- (cc) For so long as SyncMOS remains a Subsidiary of the Company, after the SyncMOS Shares have been listed on the Stock Exchange or an overseas stock exchange, the Subscription Price in relation to Options granted after such listing shall be at least the higher of:
- (i) the closing price of the SyncMOS Shares as stated in the relevant stock exchange's daily quotation sheet on the Offer Date, which must be a trading day;
 - (ii) the average closing price of the SyncMOS Shares as stated in the relevant stock exchange's daily quotations sheets for the five (5) trading days immediately preceding the Offer Date (provided that the new issue price for the listing of the SyncMOS Shares shall be used as the closing price for any trading day falling within the period before listing of the SyncMOS Shares if the SyncMOS Shares have been listed for less than 5 trading days before the Offer Date);
 - (iii) the Subscription Price set out in (aa) above; and
 - (iv) the net asset value per SyncMOS Share as set out in the most recent audited accounts of the SyncMOS Group (if any).
- (dd) Without prejudice to (aa), (bb) and (cc) above, after the SyncMOS Shares have been listed on an overseas stock exchange (other than the Stock Exchange) or the occurrence of a public offering by SyncMOS of SyncMOS Shares (whether or not in connection with a listing of the SyncMOS Shares on a stock exchange), the Subscription Price in relation to Options (which have not already exercised) shall (where applicable) also be adjusted (where required), such that it will comply with the provisions of all applicable laws, regulations, codes, practices or requirements and similar items applicable to SyncMOS and/or the SyncMOS Shares after the occurrence of the event(s) as aforesaid.

(I) RANKING OF SYNCMOS SHARES

The SyncMOS Shares to be allotted upon the exercise of a Vested Option will be subject to all the provisions of the bye-laws of SyncMOS and the Companies Law for the time being in force and will rank *pari passu* in all respects with the fully paid SyncMOS Shares in issue as from the day when the name of the Grantee is registered on the register of members of SyncMOS and accordingly will entitle the holders to participate in all dividends or other distributions to be paid or made on or after the date when the name of the Grantee is registered on the register of members of SyncMOS other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of SyncMOS. (For the avoidance of doubt, the Grantee of an Exercised Option shall not be entitled to any dividends or other distributions, in connection with the Exercised Option, declared or recommended or resolved to be paid or made with respect to a record date which shall be before the completion of the registration of the Grantee as the holder in respect of the SyncMOS Shares allotted and issued pursuant to such Exercised Option). A SyncMOS Share allotted upon the exercise of a Vested Option or pursuant to an Exercised Option shall not carry any voting right until the completion of the registration of the Grantee as the holder thereof.

(J) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

For so long as SyncMOS remains a Subsidiary of the Company, no offer for grant of Options shall be made after a price sensitive development concerning the Group has occurred or a price sensitive matter concerning the Group has been the subject of a decision until such price sensitive information has been announced by the Company in accordance with the Listing Rules. In particular, during the period of one month immediately preceding the earlier of (i) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approval of the Company's results of any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no Option should be granted. The SyncMOS Board may not grant any Option to an Eligible Employee who is a director of the Company during the periods or times in which they are prohibited from dealing in shares of the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(K) DURATION AND ADMINISTRATION OF THE SYNCMOS SHARE OPTION SCHEME

- (aa) Subject to paragraph (s) below, the SyncMOS Share Option Scheme shall be valid and effective for a period of one (1) year commencing from the Effective Date, after which period no further Options will be granted but the provisions of the SyncMOS Share Option Scheme shall remain in full force and effect in all other respects. Options which are granted during the duration of and in accordance with the SyncMOS Share Option Scheme and remain unexercised immediately prior to the end of the one-year period shall continue to be exercisable in accordance with their terms of grant and the terms of the SyncMOS Share Option Scheme, within the Option Period for which such Options are granted, notwithstanding the expiry of the SyncMOS Share Option Scheme.
- (bb) The SyncMOS Share Option Scheme shall be subject to the administration of the SyncMOS Board whose decision (save as otherwise provided herein) shall be final and binding on all parties. The SyncMOS Board shall have the right, inter alia, to (i) interpret and construe the provisions of the SyncMOS Share Option Scheme; (ii) determine the persons who will be offered Options under the SyncMOS Share Option Scheme, and the number of the SyncMOS Shares and the Subscription Price, in relation to such Options, in accordance with the provisions of the SyncMOS Share Option Scheme; (iii) subject to paragraph (v) below, make such appropriate and equitable adjustments to the terms of the Options granted under the SyncMOS Share Option Scheme as it deems necessary; and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the SyncMOS Share Option Scheme.

(L) RIGHTS ON CEASING EMPLOYMENT

Unless the SyncMOS Board otherwise determines, an Option (both Unvested and Vested), other than an Exercised Option, shall lapse automatically (to the extent not already exercised) on the date on which the Grantee, being an Eligible Employee at the date of grant, ceases to be an Eligible Employee by any reason whatsoever, other than his or her death.

(M) RIGHTS ON DEATH

In the event that the Grantee ceases to be an Eligible Employee by reason of death, the legal personal representative(s) of this Grantee shall be entitled within a period of twelve (12) months (or such longer period as the SyncMOS Board may determine) from the date of death to exercise the Vested Options up to the entitlement of such Grantee as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised). Unless the SyncMOS Board otherwise determines, all Unvested Options as at the date of death shall lapse on such date of death.

(N) RIGHTS ON A GENERAL OFFER

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the SyncMOS Shares, (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), SyncMOS shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Vested Options granted to them, shareholders of SyncMOS. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Vested Option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in the Grantee's notice to SyncMOS in exercise of his or her Vested Option at any time before the close of such offer (or any revised offer). All Unvested Options shall lapse on the date on which the offer (or any revised offer) closes.

(O) RIGHTS ON WINDING UP

In the event a notice is given by SyncMOS to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up SyncMOS, SyncMOS shall on the same date as or soon after it despatches such notice to each member of SyncMOS give notice thereof to all Grantees and thereupon, each Grantee (or where permitted, his or her legal personal representative(s)) shall, subject to the provisions of all applicable laws, be entitled to exercise all or any of his Vested Options (to the extent which has become exercisable and not already exercised) at any time not later than two (2) Business Days prior to the proposed general meeting of SyncMOS by giving notice in writing to SyncMOS, accompanied by a remittance for the full amount of the aggregate Subscription Price for the SyncMOS Shares in respect

of which the notice is given whereupon SyncMOS shall use its reasonable endeavours to procure that the SyncMOS Shares to be allotted and issued pursuant to such exercise, subject to the consents and permits of the relevant governmental and regulatory authorities set out in paragraph (f)(cc) above, be entitled to participate in the distribution of assets of SyncMOS available in liquidation.

(P) RIGHTS ON COMPROMISE OR ARRANGEMENT BETWEEN SYNCMOS AND ITS CREDITORS

In the event of a compromise or arrangement between SyncMOS and its creditors (or any class of them) or between SyncMOS and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of SyncMOS, SyncMOS shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter or the date on which such compromise or arrangement is sanctioned by Court be entitled to exercise his or her Vested Option (to the extent which has become exercisable and not already exercised), but the exercise of the Vested Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. SyncMOS may thereafter require such Grantee to transfer or otherwise deal with the SyncMOS Shares issued as a result of such exercise of his or her Vested Option so as to place the Grantee in the same position as nearly as possible as would have been the case had such SyncMOS Shares been subject to such compromise or arrangement.

(Q) ADJUSTMENTS TO THE SUBSCRIPTION PRICE

In the event of any alteration in the capital structure of SyncMOS, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction (other than an issue of SyncMOS Shares as consideration in respect of a transaction), such corresponding alterations (if any) shall be made in:

- (aa) the number and/or nominal amount of SyncMOS Shares subject to the Option so far as unexercised; and/or
- (bb) the Subscription Price; and/or
- (cc) the maximum number of SyncMOS Shares for which further Options may be granted under the SyncMOS Share Option Scheme from time to time,

in any manner as the SyncMOS Board ((except in the case of a capitalisation of profits or reserves) having received a confirmation in writing from SyncMOS's independent financial adviser or the Auditors that in their opinion the adjustments proposed satisfy the requirements of the relevant provisions of the Listing Rules, for so long as SyncMOS remains a Subsidiary of the Company) may deem appropriate, provided that:

- (i) no such alteration shall be made so that a SyncMOS Share would be issued at less than its nominal value;
- (ii) any such alteration should give a Grantee the same proportion of the equity capital of SyncMOS as that to which such Grantee was previously entitled had such Grantee exercised all the Options held by him immediately prior to such adjustments;
- (iii) any such alteration should be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and
- (iv) no such adjustment will be required in circumstances where there is an issue of the SyncMOS Shares or other securities of the SyncMOS Group as consideration in a transaction.

(R) CANCELLATION OF OPTIONS

Any Options granted but not exercised may be cancelled if the Grantee agrees in writing. Issuance of new Options to the same Grantee may only be made if there are unissued Options available under the SyncMOS Share Option Scheme (excluding the cancelled Options) and in compliance with the terms of the SyncMOS Share Option Scheme and, for so long as SyncMOS remains a Subsidiary of the Company, the Listing Rules, in force from time to time.

(S) TERMINATION OF THE SYNCMOS SHARE OPTION SCHEME

SyncMOS and, for so long as SyncMOS remains a Subsidiary of the Company, the Company, by resolution in general meeting(s), or the SyncMOS Board and, for so long as SyncMOS remains a Subsidiary of the Company, the board of directors of the Company, may at any time terminate the operation of the SyncMOS Share Option Scheme and in such event no further Option will be offered but the provisions of the SyncMOS Share Option Scheme shall remain in full force and effect to the extent

necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or with respect to the Exercised Options or otherwise as may be required in accordance with the provisions of the SyncMOS Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the SyncMOS Share Option Scheme.

(T) RIGHTS ARE PERSONAL TO THE GRANTEE

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle SyncMOS to cancel any outstanding Option or part thereof granted to such Grantee.

(U) LAPSE OF OPTION

An Option (both Unvested and Vested), other than an Exercised Option, shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the Option Period;
- (bb) the expiry of any of the periods referred to in paragraph (m) above;
- (cc) the date on which the offer (or as the case may be, revised offer) referred to in paragraph (n) above closes;
- (dd) subject to paragraph (o) above, the date of the commencement of the winding-up of SyncMOS;
- (ee) unless the SyncMOS Board otherwise determines, the date on which the Grantee, being an Eligible Employee at the date of grant, ceases to be an Eligible Employee by any reason whatsoever, other than his or her death;
- (ff) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in paragraph (p) above; or
- (gg) unless the SyncMOS Board otherwise determines, the date on which the Grantee commits a breach of paragraph (t) above.

(V) ALTERATION

The SyncMOS Share Option Scheme may be altered in any respect by resolution of the SyncMOS Board from time to time in its absolute discretion as it deems desirable provided that (1) for so long as SyncMOS remains a Subsidiary of the Company, the amended terms must comply with the relevant requirements of the Listing Rules and/or guidelines prescribed by the Stock Exchange from time to time; and (2) the following alteration must be approved by resolutions of the SyncMOS Shareholders and, for so long as SyncMOS remains a Subsidiary of the Company, the Shareholders:

- (aa) any changes to the definitions of Eligible Employee, Grantee, Option, Option Period and Subscription Price;
- (bb) any changes to the terms and conditions of the SyncMOS Share Option Scheme to the advantage of Grantees of the Options;
- (cc) any alteration to the terms and conditions of the SyncMOS Share Option Scheme which are of a material nature;
- (dd) any change to the terms of Options granted; and
- (ee) any change to the authority of the SyncMOS Board in relation to any alteration to the terms of the SyncMOS Share Option Scheme,

except where such alterations take effect automatically under the existing terms of the SyncMOS Share Option Scheme, or for so long as SyncMOS remains a Subsidiary of the Company, such alterations are required under the relevant requirements of the Listing Rules and/or guidelines prescribed by the Stock Exchange from time to time provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of Grantees as shall together hold Options in respect of not less than three-fourths in nominal value of all SyncMOS Shares then subject to Options granted under the SyncMOS Share Option Scheme.

(W) GOVERNING LAW

Subject as set out hereinafter, the SyncMOS Share Option Scheme and all Options granted hereunder shall be governed by and construed in accordance with Taiwan law. The interpretation of the Listing Rules shall be governed by and construed in accordance with Hong Kong law.



PacMOS Technologies Holdings Limited
(弘茂科技控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 1010)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of PacMOS Technologies Holdings Limited (“Company”) will be held at The Picasso & Exter Suites, Butterfield’s, Level 3, Dorset House, Taikoo Place, 979 King’s Road, Hong Kong on Wednesday, 29 November 2006 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution, which will be proposed as ordinary resolution:

“**THAT** the share option scheme (“SyncMOS Share Option Scheme”) of 新茂國際科技股份有限公司 (“SyncMOS”) (for identification purpose only, the English translation thereof being “SyncMOS Technologies International, Inc.”), the rules of which are set out in a document produced to the meeting marked “A” and signed for the purpose of identification by the chairman of the meeting), be and is hereby approved and adopted and the board of directors of the Company be and is hereby authorised to execute all such documents and take all such steps as it may deem necessary, desirable or expedient to carry into effect, vary or amend the SyncMOS Share Option Scheme subject to the terms of the SyncMOS Share Option Scheme and, for so long as SyncMOS remains a subsidiary of the Company, Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).”

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

Hong Kong, 13 November 2006

* *For identification purpose only*

NOTICE OF SGM

Notes:

- (1) A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and, in the event of a poll, vote in his stead. A proxy need not be a shareholder of the Company.
- (2) In order to be valid, the form of proxy must be deposited at the Company's Share Registrar in Hong Kong at Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (3) At the meeting, the chairman of the meeting will exercise his power under Bye-law 70 of the Bye-laws of the Company to put the above resolution to the vote by way of a poll.
- (4) Shareholders are recommended to read the circular of the same date of this notice of Special General Meeting despatched to shareholders which contains important information concerning the resolutions respectively set out in this notice.

As at the date of this notice, the Company's Board of Directors comprises Mr. Yip Chi Hung (Chairman) and Mr. Chen Che Yuan (Chief Executive Officer) as the executive directors and Mr. Wong Chi Keung, Mr. Cheng Hok Ming, Albert and Mr. Ma Kwai Yuen as the independent non-executive directors.