

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
CONTINUING CONNECTED TRANSACTIONS

On 2 February 2007, Shanghai SyncMOS entered into the Agreement with Taiwan SyncMOS pursuant to which Taiwan SyncMOS would provide the Services to Shanghai SyncMOS for a period of three (3) years commencing from 1 January 2007 and expiring on 31 December 2009 upon and in accordance with the terms of the Agreement.

Taiwan SyncMOS is held by the Company and MVI as to approximately 55% and as to approximately 24.20% respectively. MVI is a substantial shareholder and connected person of the Company and thus, the entering into of the Agreement between Shanghai SyncMOS and Taiwan SyncMOS (including the transactions contemplated thereunder) constitutes continuing connected transactions for the Company.

It is expected that the annual total purchase price under the Agreement will not exceed HK\$10,000,000 and each of the relevant percentage ratios (as defined in the Listing Rules) will be less than 25%. Pursuant to Rule 14A.34(2) of the Listing Rules, the transactions under the Agreement are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the approval of independent shareholders of the Company. Details of the above continuing connected transactions will be included in the next annual report and accounts of the Company as required under Rule 14A.45 of the Listing Rules.

TERMS OF THE AGREEMENT

Date: 2 February 2007

Parties: (1) Shanghai SyncMOS, a wholly-owned subsidiary of the Company
(2) Taiwan SyncMOS, an approximately 55% owned subsidiary of the Company

Term: A period of three (3) years commencing from 1 January 2007 and expiring on 31 December 2009, provided that, among other things, either party shall be entitled to terminate the Agreement by giving to the other party 3 months prior notice in writing.

Services to be provided by Taiwan SyncMOS to Shanghai SyncMOS: Sourcing and purchasing Masks, Wafers, Testings and/or Packages for Shanghai SyncMOS by entering into Purchase Contracts to commission Independent Third Party(ies) to provide the Masks, Wafers, Testings and/or Packages in accordance with such specifications and functions provided by Shanghai SyncMOS.

Fee: Taiwan SyncMOS shall not charge Shanghai SyncMOS any service fee in respect of the Services provided that Shanghai SyncMOS shall be responsible for the payment of the Purchase Price and shall reimburse Taiwan SyncMOS for all reasonable expenses and taxes (if any) properly incurred in the performance of its duties under this Agreement and all Purchase Contracts.

Maximum aggregate annual amount: The maximum aggregate annual amount of all the Purchase Contracts for each of the three (3) years ended 31 December 2007, 31 December 2008 and 31 December 2009 shall not exceed HK\$7,000,000, HK\$8,500,000 and HK\$9,800,000 respectively. The aforementioned maximum aggregate annual amounts are set based on historical data of purchase costs, anticipated growth of the market for integrated circuits products and the budget forecasts of Shanghai SyncMOS. The aggregate purchase costs incurred by Shanghai SyncMOS for the 9 months ended 30 September 2006 with Independent Third Parties are approximately HK\$2,400,000 and for the 3 months ended 31 December 2006 with Taiwan SyncMOS are approximately HK\$190,000.

For avoidance of doubt, all reasonable expenses and taxes properly incurred by Taiwan SyncMOS in the performance of its duties under this Agreement and all Purchase Contracts will be included for the purpose of calculation of the aforementioned maximum aggregate annual amount. The amount of such expenses and taxes incurred by Taiwan SyncMOS for the 3 months ended 31 December 2006 is approximately HK\$12,000. The estimated amount of such expenses and taxes that will be incurred is approximately 6% of the Purchase Price.

Pursuant to the Agreement, Shanghai SyncMOS may (subject to the consent of Taiwan SyncMOS) (but not obliged to) engage Taiwan SyncMOS to provide the Services to Shanghai SyncMOS from time to time during the Term on a non-exclusive basis. The Agreement is conditional upon all necessary consents, approvals and authorisations having been obtained from all relevant governmental, regulatory and other authorities (including the Stock Exchange) in connection with the transactions contemplated under this Agreement on or before 15 February 2007 or such other date as may be agreed between the parties thereto.

INFORMATION ON THE GROUP AND REASONS FOR ENTERING INTO THE AGREEMENT

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

Shanghai SyncMOS is principally engaged in integrated circuits design and products development for the market in the People's Republic of China.

Taiwan SyncMOS 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 both Shanghai SyncMOS and Taiwan SyncMOS are engaged in integrated circuits design and wholesale of electronics components and require supply of Masks, Wafers, Testings and/or Packages from Independent Third Party(ies), the Board considers if Shanghai SyncMOS and Taiwan SyncMOS can group their purchases together, they could bargain for more favourable supply terms and be considered more valuable customers.

The Directors (including the independent non-executive Directors) consider that the Agreement and the transactions contemplated thereunder are made on an arm's length basis and from the perspective of Shanghai SyncMOS, on normal or better than normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Group and the shareholders of the Company as a whole.

RELATIONSHIP BETWEEN THE PARTIES TO THE AGREEMENT AND THE COMPANY

Taiwan SyncMOS 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. MVI is a substantial shareholder and connected person of the Company and thus, the entering into of the Agreement between Shanghai SyncMOS and Taiwan SyncMOS (including the transactions contemplated thereunder) constitutes continuing connected transactions for the Company.

It is expected that the annual total purchase price under the Agreement will not exceed HK\$10,000,000 and each of the relevant percentage ratios (as defined in the Listing Rules) will be less than 25%. Pursuant to Rule 14A.34(2) of the Listing Rules, the transactions under the Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the approval of independent shareholders of the Company. Details of the above continuing connected transactions 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 executive Directors 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.

DEFINITIONS

The following words and phrases used in this announcement have the following meanings:

“Agreement”	the agreement dated 2 February 2007 entered into between Taiwan SyncMOS and Shanghai SyncMOS in relation to the provision of the Services by Taiwan SyncMOS to Shanghai SyncMOS;
“Board”	board of Directors;
“Company”	PacMOS Technologies Holdings Limited, a company incorporated in Bermuda with limited liability the shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	person(s) or company(ies) which is/are independent of any member of the Group, the directors, the chief executives, the controlling shareholders, the substantial shareholders of the Company or its subsidiaries, and their respective associates (as defined in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mask”	a glass plate with a pattern of transparent or opaque areas used to create patterns on substrate to manufacture integrated circuits. A “Mask” also is commonly referred to as “reticle”;
“MVI”	Mosel Vitelic Inc., a substantial shareholder of the Company (as defined under the Listing Rules);
“Packages”	the integrated circuit sealed onto a metal frame and surrounded by epoxy compound for mounting on printed circuit boards. The metal frame and surrounded compound is called the “Package”;
“Purchase Contract”	contract, agreement or transaction entered into by Taiwan SyncMOS, at the request of Shanghai SyncMOS or Shanghai SyncMOS during the Term with an Independent Third Party in respect of the supply of Masks, Wafers, Testings and/or Packages;

“Purchase Price”	the amount payable in respect of a Purchase Contract as approved by Shanghai SyncMOS in accordance with the Agreement;
“Services”	sourcing and purchasing Masks, Wafers, Testings and/or Packages for Shanghai SyncMOS, subject to specifications and functions provided by Shanghai SyncMOS;
“Shanghai SyncMOS”	上海新茂半導體有限公司 (for English identification, Shanghai SyncMOS Semiconductor Co. Ltd.), a company established under the laws of the People’s Republic of China and a wholly owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Taiwan SyncMOS”	新茂國際科技股份有限公司 (for English identification, SyncMOS Technologies International, Inc.), a company incorporated under the laws of Taiwan and an approximately 55% owned subsidiary of the Company;
“Testings”	testing integrated circuits in either Wafers or Packages form to guarantee the processed integrated circuits are within the specifications. The Testings are usually done by a special testing computer with test program defined by the specifications;
“Term”	the period of three (3) years commencing from 1 January 2007 and expiring on 31 December 2009;
“Wafer”	a thin, round, flat piece of silicon that has been processed by a factory which prints integrated circuits on the silicon substrate with Masks. Each Wafer contains several thousand pieces of integrated circuits with same functions;
“HK\$”	Hong Kong dollars; and
“%”	percentage

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

2 February 2007, Hong Kong

* *For identification purposes only*

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