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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 2010

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 2010.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

		Unaudited	Audited
		30 June	31 December
		2010	2009
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	3,261	2,061
Intangible assets	9	439	65
Long-term deposits		419	1,630
Total non-current assets		4,119	3,756
Current assets			
Inventories		10,560	16,060
Trade receivables	10	11,643	9,771
Deposits, prepayment and other receivables		4,654	1,425
Financial assets at fair value through profit or loss	11	56,688	23,494
Restricted cash		252	249
Short-term bank deposits	12	46,740	49,370
Cash and cash equivalents	12	23,377	30,632
Total current assets		153,914	131,001
Total assets		158,033	134,757

* For identification only

		Unaudited	Audited
		30 June	31 December
		2010	2009
	<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		(28,630)	(50,878)
		106,292	84,044
Non-controlling interest		35,299	35,155
Total equity		141,591	119,199
LIABILITIES			
Non-current liabilities			
Other payables		1,121	1,241
Current liabilities			
Trade payables	<i>14</i>	6,718	5,494
Other payables and accruals		4,944	5,199
Amount due to a related company	<i>15</i>	3,659	3,624
Total current liabilities		15,321	14,317
Total liabilities		16,442	15,558
Total equity and liabilities		158,033	134,757
Net current assets		138,593	116,684
Total assets less current liabilities		142,712	120,440

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2010	2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	44,627	30,248
Cost of sales	4	<u>(31,941)</u>	<u>(21,928)</u>
Gross profit		12,686	8,320
Distribution costs	4	(1,645)	(2,104)
General and administrative expenses	4	(16,010)	(14,045)
Other income		367	807
Other gains — net	3, 5	<u>25,548</u>	<u>12,326</u>
Operating profit	3	20,946	5,304
Finance income		<u>506</u>	<u>454</u>
Profit before income tax		21,452	5,758
Income tax expense	6	<u>(35)</u>	<u>—</u>
Profit for the period		<u>21,417</u>	<u>5,758</u>
Attributable to:			
Equity holders of the Company		21,697	6,933
Non-controlling interest		<u>(280)</u>	<u>(1,175)</u>
		<u>21,417</u>	<u>5,758</u>
Earnings per share (basic and diluted)	7	<u>6.45 cents</u>	<u>2.06 cents</u>
Dividends	8	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	21,417	5,758
Other comprehensive income		
Currency translation differences	<u>975</u>	<u>(688)</u>
Total comprehensive income for the period	<u>22,392</u>	<u>5,070</u>
Total comprehensive income attributable to:		
Equity holders of the Company	<u>22,248</u>	<u>6,574</u>
Non-controlling interest	<u>144</u>	<u>(1,504)</u>
	<u>22,392</u>	<u>5,070</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 compen- sation 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 2009	33,659	101,263	2,628	2,889	2,882	(58,843)	84,478	36,638	121,116
Profit for the period	—	—	—	—	—	6,933	6,933	(1,175)	5,758
Currency translation differences	—	—	(359)	—	—	—	(359)	(329)	(688)
Total comprehensive income for the period	—	—	(359)	—	—	6,933	6,574	(1,504)	5,070
Balance at 30 June 2009	<u>33,659</u>	<u>101,263</u>	<u>2,269</u>	<u>2,889</u>	<u>2,882</u>	<u>(51,910)</u>	<u>91,052</u>	<u>35,134</u>	<u>126,186</u>
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 for the period	—	—	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>

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash outflow from operating activities		
Cash used in operations	(949)	(5,469)
Overseas taxes paid	(35)	—
	<u> </u>	<u> </u>
Net cash used in operating activities	(984)	(5,469)
	<u> </u>	<u> </u>
Cash flows from investing activities		
Decrease/(increase) in term deposits with original maturities over three months	2,630	(1,130)
Purchase of property, plant and equipment and intangible assets	(2,185)	(164)
Purchase of financial assets at fair value through profit or loss	(11,655)	(383)
Proceeds from disposal of financial assets at fair value through profit or loss	3,618	—
Interest received	506	454
	<u> </u>	<u> </u>
Net cash used in investing activities	(7,086)	(1,223)
	<u> </u>	<u> </u>
Net decrease in cash and cash equivalents	(8,070)	(6,692)
Cash and cash equivalents at 1 January	30,632	39,744
Exchange gains/(losses)	815	(702)
	<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	<u>23,377</u>	<u>32,350</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 27th Floor, Cambridge House, Taikoo Place, 979 King’s Road, Quarry Bay, 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 23 August 2010.

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 2010 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 report of the Group for the year ended 31 December 2009, which has 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 wide range of electronic products conducted through the subsidiary in Taiwan; and
- (iii) design and sales of integrated circuits in calipers used in industrial and household measuring tools conducted through the 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 2010				
Revenues	<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/(loss)	25,158	388	2	25,548
Capital expenditures	7	2,168	10	2,185
As at 30 June 2010				
Assets	<u>60,474</u>	<u>87,594</u>	<u>9,965</u>	<u>158,033</u>
Liabilities	<u>1,154</u>	<u>9,153</u>	<u>6,135</u>	<u>16,442</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 2009				
Revenues	<u>—</u>	<u>26,963</u>	<u>3,285</u>	<u>30,248</u>
Operating profit/(loss)	<u>9,258</u>	<u>(3,042)</u>	<u>(912)</u>	<u>5,304</u>
Profit/(loss) for the period	<u>9,260</u>	<u>(2,612)</u>	<u>(890)</u>	<u>5,758</u>
Other gains — net, included in operating profit/(loss)	12,401	(72)	(3)	12,326
Capital expenditures	158	6	—	164
As at 31 December 2009				
Assets	<u>39,188</u>	<u>86,512</u>	<u>9,057</u>	<u>134,757</u>
Liabilities	<u>1,629</u>	<u>8,391</u>	<u>5,538</u>	<u>15,558</u>

For the six months ended 30 June 2010, revenues of approximately HK\$14,914,000 (for the six months ended 30 June 2009: HK\$13,189,000) are derived from a single external customer. These revenues are 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	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	108	83
Depreciation of property, plant and equipment	519	464
Operating lease rentals in respect of land and building	2,387	2,492
Research and development costs	717	395
Marketing costs	586	574
Employee benefit expenses (including directors' emoluments)	10,505	10,341
Cost of inventories sold	30,950	20,955
Others	3,824	2,773
	<hr/>	<hr/>
Total cost of sales, distribution costs and administrative expenses	49,596	38,077
	<hr/> <hr/>	<hr/> <hr/>

5. Other gains — net

Other gains recognised during the period are as follows:

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets at fair value through profit or loss:		
— realised fair value gains	49	—
— unrealised fair value gains	24,966	12,401
Exchange gains/(losses) — net	533	(75)
	<hr/>	<hr/>
Total other gains — net	25,548	12,326
	<hr/> <hr/>	<hr/> <hr/>

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 2009: 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	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
— Overseas tax	<u>(35)</u>	<u>—</u>
	<u>(35)</u>	<u>—</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\$21,697,000 (2009: HK\$6,933,000) and 336,587,142 shares (2009: 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	
	2010	2009
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings per share	<u>6.45</u>	<u>2.06</u>

The share option scheme for the Company's subsidiary had expired on 31 December 2009. No share option was exercised upon expiration date.

8. Dividends

The directors do not recommend the payment of a dividend (six months ended 30 June 2009: 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 2009	2,558	212	2,770
Additions	164	—	164
Depreciation and amortisation	(464)	(83)	(547)
Currency translation differences	(9)	(2)	(11)
	<u>2,249</u>	<u>127</u>	<u>2,376</u>
Closing net book amount as at 30 June 2009	<u>2,249</u>	<u>127</u>	<u>2,376</u>
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>

10. Trade receivables

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

	Unaudited 30 June 2010 <i>HK\$'000</i>	Audited 31 December 2009 <i>HK\$'000</i>
Current	11,643	9,771
1 to 30 days	<u>—</u>	<u>—</u>
<i>Less:</i> Provision for impairment of receivables	<u>—</u>	<u>—</u>
	<u>11,643</u>	<u>9,771</u>

11. Financial assets at fair value through profit or loss

	Unaudited	Audited
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
Listed equity securities in		
— The United States of America	36,860	17,772
— Hong Kong	1,998	5,722
Market value of listed securities	38,858	23,494
Investment in unlisted convertible bonds	17,830	—
	56,688	23,494

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.

In March 2010, the Group acquired convertible bonds issued by ChipMOS Technologies (Bermuda) Ltd. (“ChipMOS”) with a principal amount of US\$1.5 million which were not traded on an active market. The convertible bonds carry interest at 8% per annum and the holders are entitled to convert all or part of the principal amount into ordinary shares of the issuer at a conversion price of US\$1.25 each, subject to anti-dilution adjustments, at any time before the tenth business day prior to 8 March 2015 (the “Maturity Date”) (“Discretionary Conversion”). In addition, at any time after the issuance date, if (i) the closing price of the ChipMOS shares exceeds 150% of the conversion price in effect for 20 consecutive trading days ending on the trading day immediately preceding the date on which ChipMOS delivers a written notice thereof to holder(s) of the convertible bonds; and (ii) the average daily trading volume of the ChipMOS shares over the aforementioned period equals or exceeds 0.1% of the then outstanding ChipMOS shares, ChipMOS shall have the right to elect to automatically convert some or all of the outstanding principal amount of the convertible bonds (“Compulsory Conversion”). Upon the Compulsory Conversion and/or the Discretionary Conversion, holders of the convertible bonds are entitled to receive the present value of the interest that would have accrued at an interest rate of 8% per annum with respect to the convertible bonds being converted for the period from the applicable date of conversion to the Maturity Date. ChipMOS can choose to pay the interest in cash or in shares of ChipMOS, or a combination of both. In addition, ChipMOS has the right to redeem the principal amount or any part of the outstanding principal amount at any time.

Any convertible bonds not converted before the Maturity Date will be redeemed at 100 per cent of its principal amount on the Maturity Date.

The convertible bonds were fair valued at 30 June 2010 by Vigers Appraisal & Consulting Limited, an independent firm of valuers not connected to the Group.

The fair value of all equity securities was determined based on their bid prices in an active market as at 30 June 2010.

As at 30 June 2010, the carrying amounts of the Group's interests in ChipMOS exceeded 10% of the total assets of the Group.

As at 30 June 2010, interest receivables on the convertible bonds amounted to approximately HK\$0.3 million in the form of ChipMOS's common shares.

12. Cash and cash equivalents and short-term bank deposits

	Unaudited 30 June 2010 <i>HK\$'000</i>	Audited 31 December 2009 <i>HK\$'000</i>
Cash at bank	14,652	23,558
Term deposits with original maturities three months or less	8,572	6,926
Cash on hand	<u>153</u>	<u>148</u>
Cash and cash equivalents	23,377	30,632
Term deposits with original maturities over three months	<u>46,740</u>	<u>49,370</u>
Total cash and bank balances	<u><u>70,117</u></u>	<u><u>80,002</u></u>

13. Share capital

	Number of share (thousands)	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total share capital <i>HK\$'000</i>
At 31 December 2009 and 30 June 2010	<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 2009: 500 million shares) with a par value of HK\$0.1 per share (31 December 2009: HK\$0.1 per share). All issued shares are fully paid.

14. Trade payables

An aging analysis of the trade payables is as follows:

	Unaudited	Audited
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
Current	<u>6,718</u>	<u>5,494</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:

		Unaudited	
		Six months ended 30 June	
		2010	2009
	<i>Note</i>	HK\$'000	HK\$'000
Rental income from			
Fong Wing Shing Construction Company Limited			
("Fong Wing Shing"), an entity with a director in			
common with the Company	<i>(i)</i>	<u>193</u>	<u>193</u>
Expenses paid/payable to Mosel Vitelic Inc. ("MVI"),			
a substantial shareholder			
Rental expenses	<i>(ii)</i>	44	36
Design service fees	<i>(iii)</i>	—	13
Other service fees	<i>(iii)</i>	<u>44</u>	<u>34</u>
		<u>88</u>	<u>83</u>

- (i) The rental was charged to Fong Wing Shing based on the floor area occupied.
- (ii) During the six months ended 30 June 2010, 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 2010 HK\$'000	Audited 31 December 2009 <i>HK\$'000</i>
Due to MVI	<u>3,659</u>	<u>3,624</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 2010 HK\$'000	2009 <i>HK\$'000</i>
Salaries, allowances and other benefits in kind	946	379
Bonus	100	95
Retirement benefit costs	<u>—</u>	<u>—</u>
	<u>1,046</u>	<u>474</u>

16. Commitments

At 30 June 2010, the total future minimum lease payments payable under non-cancellable operating leases were as follows:

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 <i>HK\$'000</i>
Total future minimum lease payments payable:		
— Not later than 1 year	3,639	4,188
— Later than 1 year and not later than 5 years	<u>594</u>	<u>1,098</u>
	<u>4,233</u>	<u>5,286</u>

RESULTS

During the six months ended 30 June 2010, the Group recorded a turnover of approximately HK\$44.6 million, representing an improvement of approximately 48% as compared to the six months ended 30 June 2009. The profit attributable to equity holders was approximately HK\$21.7 million, as compared to approximately HK\$6.9 million for the six months ended 30 June 2009.

DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2010.

BUSINESS REVIEW

Design and distribution of integrated circuit and semi-conductor parts

For the current period under review, with improvement in global economy, our operation in Taiwan recorded revenue of approximately HK\$38.8 million, an increase of approximately 44% as compared to the corresponding period last year. Our operation in Shanghai also recorded an improvement in revenue to approximately HK\$5.8 million, an increase of approximately 76% as compared to the corresponding period last year. The gross profit margin of our operation in Taiwan was approximately 23% (2009: approximately 24%) and that for our operation in Shanghai was approximately 65% (2009: approximately 57%). For the six months ended 30 June 2010, the operation in Taiwan recorded a net loss of approximately HK\$0.6 million while the operation in Shanghai earned a net profit of approximately HK\$0.4 million.

Investment holding

The Group held approximately 3.2 million shares of ChipMOS Technologies (Bermuda) Ltd. (“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.

As at 30 June 2010, the quoted market price of ChipMOS was approximately US\$1.49 per share, as compared to approximately US\$0.71 per share as at 31 December 2009. An unrealised gain of approximately HK\$19.2 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 20 August 2010 was approximately US\$1.03.

On 18 December 2009, the Company and ChipMOS entered into a purchase agreement, that the Company would acquire a convertible bond to be issued by ChipMOS with a principal amount of US\$1.5 million. On 9 February 2010, a special shareholders’ meeting of the Company was convened to approve the purchase agreement and the transaction was completed on 8 March 2010. The

convertible bond purchased is recorded by the Company as an financial asset at fair value through profit or loss. The valuation of the convertible bond as at 30 June 2010 was approximately US\$2.3 million with an unrealised gain recognised to income statement of approximately HK\$6.2 million for the period under review.

Future plans and prospects

With improvement in worldwide economy especially in China, we expect the Group's performance continues to improve in the coming future. The Group will continue to focus on its main business in design and trading of integrated circuit products, with emphasis in the Greater China region. Research and development activities are underway to improve our existing products and develop new products in order to strengthen our competitive edge in the long run.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the total cash and bank balances of the Group was approximately HK\$70.1 million (31 December 2009: approximately HK\$80.0 million).

For the six months ended 30 June 2010, the net cash outflow of the Group amounted to approximately HK\$8.1 million (2009: outflow of approximately HK\$6.7 million).

As at 30 June 2010, the Group had no outstanding bank loans and no financing cost was incurred for the six months ended 30 June 2010.

GEARING RATIO

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

As at 30 June 2010, the gearing ratio of the Group, defined as total liabilities expressed as a percentage of total assets, was approximately 10.4% (31 December 2009: approximately 11.5%).

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 gain of approximately HK\$0.5 million (2009: loss of approximately HK\$0.1 million) was recognised in the condensed consolidated income statement. Exchange differences, arising upon translation of overseas operations, amounted to approximately HK\$0.6 million was credited to the exchange reserve (2009: credited of approximately HK\$0.4 million).

CAPITAL STRUCTURE

No new capital was raised for the six months ended 30 June 2010. The profit attributable to equity holders for the period under review of approximately HK\$21.7 million was transferred to reserves. As at 30 June 2010, the shareholders' fund was approximately HK\$106.3 million (31 December 2009: approximately HK\$84.0 million).

INVESTMENTS AND CAPITAL ASSETS

The Group acquired property, plant and equipment and intangible assets of approximately HK\$2.2 million for the six months ended 30 June 2010.

As at 30 June 2010, the Group held shares of ChipMOS at mark-to-market valuation of approximately HK\$36.9 million (31 December 2009: approximately HK\$17.8 million) with an unrealised gain of approximately HK\$19.2 million. In addition, the Group held some shares of Hong Kong listed companies with mark-to-market value of approximately HK\$2.0 million as at 30 June 2010 (31 December 2009: approximately HK\$5.7 million). For the period under review, the Group sold approximately HK\$3.0 million Hong Kong listed shares and approximately HK\$0.6 million shares of ChipMOS.

The valuation as at 30 June 2010 of the convertible bond purchased from ChipMOS during the period was approximately US\$2.3 million with an unrealised gain recognised to income statement of approximately HK\$6.2 million for the period under review.

CHARGE ON ASSETS

As at 30 June 2010, 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 six months ended 30 June 2010, the operation in Taiwan contributed approximately 87% (2009: approximately 89%) of the revenue of the Group, while the remaining approximately 13% (2009: approximately 11%) was contributed by the operation in Shanghai.

HUMAN RESOURCES

As at 30 June 2010, the number of staff of the Group was approximately 87.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2010.

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 2010.

SHARE OPTIONS

On 29 November 2006, an ordinary resolution was passed at a special general meeting of the Company regarding the approval of the adoption of share option scheme (the "Scheme") by a non wholly owned subsidiary, 新茂國際科技股份有限公司 ("SyncMOS Taiwan"). As at 31 December 2009, SyncMOS Taiwan had granted 2,280,000 options to its full time employees, including directors, to subscribe for shares of SyncMOS Taiwan. As at 31 December 2009, the exercise period of the share options outstanding expired, and no option granted was exercised.

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 2010.

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 2010 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 2010.

On behalf of the Board

Yip Chi Hung

Chairman

Hong Kong, 23 August 2010

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.