

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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 OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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 2013.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

		Unaudited	Audited
		30 June	31 December
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>11</i>	1,941	2,084
Current assets			
Inventories		3,747	3,525
Trade and bills receivables	<i>12</i>	1,014	1,379
Deposits, prepayments and other receivables		2,048	3,029
Financial assets at fair value through profit or loss	<i>13</i>	133,012	80,072
Cash and cash equivalents	<i>14</i>	43,504	47,490
		<u>183,325</u>	<u>135,495</u>
Total assets		<u>185,266</u>	<u>137,579</u>

* *For identification only*

		Unaudited	Audited
		30 June	31 December
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	<i>15</i>	134,922	134,922
Other reserves		1,137	1,069
Accumulated profits/(losses)		42,246	(6,055)
		<u>178,305</u>	<u>129,936</u>
Total equity		<u>178,305</u>	<u>129,936</u>
LIABILITIES			
Non-current liabilities			
Other payables		<u>724</u>	714
Current liabilities			
Trade payables	<i>16</i>	—	42
Other payables and accruals		2,593	3,294
Amount due to a related company	<i>18(b)</i>	3,644	3,593
		<u>6,237</u>	<u>6,929</u>
Total liabilities		<u>6,961</u>	<u>7,643</u>
Total equity and liabilities		<u>185,266</u>	<u>137,579</u>
Net current assets		<u>177,088</u>	<u>128,566</u>
Total assets less current liabilities		<u>179,029</u>	<u>130,650</u>

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2013	2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Revenue	5	5,483	5,928
Cost of sales	6	<u>(1,752)</u>	<u>(1,929)</u>
Gross profit		3,731	3,999
Distribution costs	6	(17)	(12)
General and administrative expenses	6	(8,626)	(8,168)
Other income		150	233
Other gains — net	5, 7	<u>52,944</u>	<u>39,744</u>
Operating profit	5	48,182	35,796
Finance income, net		<u>132</u>	<u>73</u>
Profit before income tax		48,314	35,869
Income tax expense	8	<u>(13)</u>	<u>(149)</u>
Profit for the period from continuing operations	5	48,301	35,720
Discontinued operations			
Gain from discontinued operations	17	<u>—</u>	<u>13,047</u>
Profit for the period		<u>48,301</u>	<u>48,767</u>
Attributable to:			
Equity holders of the Company		48,301	49,256
Non-controlling interests		<u>—</u>	<u>(489)</u>
		<u>48,301</u>	<u>48,767</u>
Earnings per share attributable to the equity holders of the Company			
— Basic and diluted	9	<i>HK cents</i>	<i>HK cents</i>
From continuing operations		14.35	10.61
From discontinued operations		<u>—</u>	<u>4.02</u>
		<u>14.35</u>	<u>14.63</u>
Dividends	10	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	48,301	48,767
Other comprehensive income		
Items that may be reclassified subsequently to income statement in subsequent periods:		
Currency translation differences	68	198
Release of reserves upon disposal of a subsidiary (<i>note 17</i>)	—	(4,625)
	<hr/>	<hr/>
Total comprehensive income for the period	48,369	44,340
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	48,369	44,721
Non-controlling interests	—	(381)
	<hr/>	<hr/>
Total comprehensive income for the period	48,369	44,340
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	48,369	31,052
Discontinued operations	—	13,669
	<hr/>	<hr/>
	48,369	44,721
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited						
	Attributable to equity holders of the Company						
	Share capital <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Accumulated profits/ (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2012	134,922	5,508	1,582	(59,789)	82,223	14,669	96,892
Profit/(loss) for the period	—	—	—	49,256	49,256	(489)	48,767
Currency translation differences	—	90	—	—	90	108	198
Release of reserves upon disposal of a subsidiary <i>(note 17)</i>	—	(4,625)	(1,582)	1,582	(4,625)	—	(4,625)
Total comprehensive income for the period	—	(4,535)	(1,582)	50,838	44,721	(381)	44,340
Disposal of a subsidiary <i>(Note 17)</i>	—	—	—	—	—	(14,288)	(14,288)
Balance at 30 June 2012	<u>134,922</u>	<u>973</u>	<u>—</u>	<u>(8,951)</u>	<u>126,944</u>	<u>—</u>	<u>126,944</u>
Balance at 1 January 2013	134,922	1,069	—	(6,055)	129,936	—	129,936
Profit for the period	—	—	—	48,301	48,301	—	48,301
Currency translation differences	—	68	—	—	68	—	68
Total comprehensive income for the period	—	68	—	48,301	48,369	—	48,369
Balance at 30 June 2013	<u>134,922</u>	<u>1,137</u>	<u>—</u>	<u>42,246</u>	<u>178,305</u>	<u>—</u>	<u>178,305</u>

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Unaudited	
	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(4,104)	(9,534)
Net cash generated from investing activities	<u>46</u>	<u>17,281</u>
Net (decrease)/increase in cash and cash equivalents	(4,058)	7,747
Cash and cash equivalents at 1 January	47,490	44,394
Exchange gains/(losses)	<u>72</u>	<u>(11)</u>
Cash and cash equivalents at 30 June	<u>43,504</u>	<u>52,130</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 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”).

On 2 December 2011, the Group entered into an agreement with On-Bright Electronics Incorporated (“On-Bright”) to dispose of its entire equity interest in SyncMOS Technologies International Inc. (“SyncMOS Technologies”). The transaction was completed on 16 January 2012, and SyncMOS Technologies ceased to be a subsidiary of the Group thereafter. Further details are given in Note 17.

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

This unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. This unaudited condensed consolidated interim financial information has been approved for issue by the Board of Directors of the Company on 13 August 2013.

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 2013 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by The Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management policies since the year end.

4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2013.

	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets				
Financial assets at fair value through profit or loss	133,012	—	—	133,012

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Financial assets at fair value through profit or loss	80,072	—	—	80,072

5. Segment information

The Group is principally engaged in the design, distribution and trading of integrated circuits and semiconductor parts in 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 integrated circuits in calipers used in industrial and household measuring tools conducted through the Group's subsidiary in the PRC, namely Shanghai SyncMOS Semiconductor Company Limited; and
- (iii) design and sales of micro-controller units used in a wide range of electronic products conducted through the Group's subsidiary in Taiwan, SyncMOS Technologies. The Group has ceased its operations in Taiwan following the disposal of SyncMOS Technologies in January 2012.

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.

On 16 January 2012, the Group completed the disposal of its entire interest in SyncMOS Technologies and the results of SyncMOS Technologies have been presented as discontinued operations (*Note 17*).

	Continuing Operations			Discontinued operations	Total HK\$'000
	Hong Kong HK\$'000	PRC HK\$'000	Total HK\$'000	Taiwan HK\$'000	
Six months ended 30 June 2013					
Revenue from external customers	<u>—</u>	<u>5,483</u>	<u>5,483</u>	<u>—</u>	<u>5,483</u>
Operating profit/(loss)	<u>48,283</u>	<u>(101)</u>	<u>48,182</u>	<u>—</u>	<u>48,182</u>
Profit/(loss) for the period	<u>48,412</u>	<u>(111)</u>	<u>48,301</u>	<u>—</u>	<u>48,301</u>
Other gains — net, included in operating profit/(loss)	52,937	7	52,944	—	52,944
Capital expenditures (<i>note 11</i>)	—	86	86	—	86
As at 30 June 2013					
Segment assets	<u>174,875</u>	<u>10,391</u>	<u>185,266</u>	<u>—</u>	<u>185,266</u>
Segment liabilities	<u>1,217</u>	<u>5,744</u>	<u>6,961</u>	<u>—</u>	<u>6,961</u>
Six months ended 30 June 2012					
Revenue from external customers	<u>—</u>	<u>5,928</u>	<u>5,928</u>	<u>1,770</u>	<u>7,698</u>
Operating profit/(loss)	<u>35,721</u>	<u>75</u>	<u>35,796</u>	<u>(1,090)</u>	<u>34,706</u>
Profit/(loss) for the period	35,790	(70)	35,720	(1,087)	34,633
Gain on disposal of a subsidiary	—	—	—	14,134	14,134
	<u>35,790</u>	<u>(70)</u>	<u>35,720</u>	<u>13,047</u>	<u>48,767</u>
Other gains/(loss) — net, included in operating profit/(loss)	39,745	(1)	39,744	(16)	39,728
Capital expenditures (<i>note 11</i>)	—	232	232	—	232
As at 31 December 2012					
Segment assets	<u>128,102</u>	<u>9,477</u>	<u>137,579</u>	<u>—</u>	<u>137,579</u>
Segment liabilities	<u>2,569</u>	<u>5,074</u>	<u>7,643</u>	<u>—</u>	<u>7,643</u>

For the six months ended 30 June 2013, revenue of approximately HK\$1,894,000 was derived from a single external customer. This revenue was attributable to the PRC segment from the continuing operations. (Six months ended 30 June 2012: HK\$1,768,000)

6. 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	
	2013	2012
	HK\$'000	HK\$'000
From continuing operations:		
Cost of inventories sold	1,752	1,929
Auditor's remuneration	607	631
Depreciation of property, plant and equipment	249	255
Operating lease rentals in respect of properties	2,162	1,933
Research and development costs	264	311
Marketing costs	18	47
Employee benefit expenses (including directors' emoluments)	3,904	3,210
Other expenses	1,439	1,793
	<u>10,395</u>	<u>10,109</u>
Total cost of sales, distribution costs and general and administrative expenses	<u><u>10,395</u></u>	<u><u>10,109</u></u>

7. Other gains — net

Other gains recognised during the period are as follows:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
From continuing operations:		
Financial assets at fair value through profit or loss:		
— realised gains	—	2,695
— unrealised gains	52,906	37,070
Exchange gains/(losses) — net	38	(21)
	<u>52,944</u>	<u>39,744</u>
Total other gains — net	<u><u>52,944</u></u>	<u><u>39,744</u></u>

8. 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 2012: 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	
	2013	2012
	HK\$'000	HK\$'000
Current income tax		
— Overseas tax	(13)	(149)

9. 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\$48,301,000 (2012: HK\$49,256,000) and 336,587,142 shares (2012: 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	
	2013	2012
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company		
— Continuing operations	48,301	35,720
— Discontinued operations	—	13,536
Profit attributable to equity holders of the Company	48,301	49,256
Weighted average number of ordinary shares in issue (thousands)	336,587	336,587
	HK cents	HK cents
Basic earnings per share		
— Continuing operations	14.35	10.61
— Discontinued operations	—	4.02

Basic earnings per share is the same as diluted earnings per share as the Group does not have any potentially dilutive ordinary shares (six months ended 30 June 2012: Same).

10. Dividend

The directors do not recommend the payment of a dividend (six months ended 30 June 2012: Nil).

11. Property, plant and equipment

Property, plant and equipment *HK\$'000*

Opening net book amount as at 1 January 2012	2,153
Additions	232
Depreciation	(255)
Currency translation differences	(10)
	<hr/>
Closing net book amount as at 30 June 2012	2,120
	<hr/> <hr/>
Opening net book amount as at 1 January 2013	2,084
Additions	86
Depreciation	(249)
Currency translation differences	20
	<hr/>
Closing net book amount as at 30 June 2013	1,941
	<hr/> <hr/>

12. Trade and bills receivables

The Group's credit terms to trade debtors range from 30 to 60 days. The ageing analysis of trade receivables based on due date is as follows:

	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
Current	—	38
1 to 30 days	108	30
31 to 90 days	87	184
91 to 180 days	58	—
Over 180 days	14	—
	<hr/>	<hr/>
	267	252
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2013, bill receivables of HK\$747,000 (31 December 2012: HK\$1,127,000) will mature as follows:

	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
1 to 30 days	202	38
31 to 90 days	419	528
91 to 180 days	126	561
Over 180 days	—	—
	<u>747</u>	<u>1,127</u>

13. Financial assets at fair value through profit or loss

	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
Listed equity securities in		
— The United States of America	132,074	79,133
— Hong Kong	938	939
	<u>133,012</u>	<u>80,072</u>
Market value of listed securities		

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.

The fair value of all equity securities was determined based on their bid prices in an active market as at 30 June 2013.

As at 30 June 2013, the carrying amount of the Group's interests in the shares of ChipMOS Technologies (Bermuda) Ltd. represented 72% (31 December 2012: 58%) of the total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
ChipMOS Technologies (Bermuda) Ltd.	Bermuda	Provision of semiconductor testing and assembly services for Liquid Crystal Display (LCD) and other flat-panel display driver semiconductors	Issued capital of US\$1.3 million of par value US\$0.04 per share	879,919 common shares, representing 2.6% of the issued share capital of ChipMOS

The quoted market price of ChipMOS as at 12 August 2013 was approximately US\$15.17.

14. Cash and cash equivalents

	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
Cash at bank	11,725	15,936
Term deposits with original maturities of three months or less	31,765	31,546
Cash on hand	<u>14</u>	<u>8</u>
Total cash and cash equivalents	<u><u>43,504</u></u>	<u><u>47,490</u></u>

15. Share capital

	Number of issued share (thousands)	Issued ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total share capital <i>HK\$'000</i>
At 31 December 2012 and 30 June 2013	<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 2012: 500 million shares) with a par value of HK\$0.1 per share (31 December 2012: HK\$0.1 per share). All issued shares are fully paid.

16. Trade payables

An ageing analysis of the trade payables is as follows:

	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
Less than one year	<u>—</u>	<u>42</u>

17. Discontinued operations

On 16 January 2012, the Group completed the disposal of its entire interest in SyncMOS Technologies. After the disposal, SyncMOS Technologies ceased to be a subsidiary of the Group.

(a) Analysis of the results from the discontinued operations:

	Audited Period from 1 January 2012 to 16 January 2012 HK\$'000
Revenue	1,770
Other income	15
Other losses, net	(16)
Expenses	<u>(2,856)</u>
Loss before income tax from discontinued operations	(1,087)
Income tax expenses	—
Gain on disposal of a subsidiary (<i>note c</i>)	<u>14,134</u>
	<u><u>13,047</u></u>
Profit/(loss) for the period from discontinued operations attributable to:	
— Equity holders of the Company	13,536
— Non-controlling interests	<u>(489)</u>
	<u><u>13,047</u></u>

(b) Analysis of cash flows from the discontinued operations:

	Audited Period from 1 January to 16 January 2012 HK\$'000
Operating cash flows	(2,267)
Investing cash flows	<u>1,348</u>
Total cash flows	<u><u>(919)</u></u>

(c) *Gain on disposal of a subsidiary*

	Audited Period from 1 January to 16 January 2012 HK\$'000
Net consideration	27,600
Cash received	(628)
	<hr/>
Direct expenses	26,972
	<hr style="border-top: 1px dashed black;"/>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	653
Long-term deposits	272
Inventories	16,867
Trade receivables	7,290
Deposits, prepayments and other receivables	1,371
Restricted cash	266
Cash and cash equivalents	13,638
Trade payables	(2,917)
Other payables and accruals	(5,306)
Amounts due to related companies	(383)
	<hr/>
Net assets disposed of	31,751
	<hr style="border-top: 1px dashed black;"/>
Non-controlling interests	14,288
	<hr style="border-top: 1px dashed black;"/>
Release of reserve upon disposal of a subsidiary	4,625
	<hr style="border-top: 1px dashed black;"/>
Gain on disposal of a subsidiary	14,134
	<hr style="border-top: 3px double black;"/>

18. Related party transactions

Texan Management Limited (“Texan”) (incorporated in the British Virgin Islands) held approximately 43.26% of the Company’s shares (the “Shares”). Mosel Vitelic Inc. (“MVI”) (a listed company in Taiwan) holds approximately 31.51% of the Shares.

Texan had notified the Company, as of 27 June 1997, it was interested in 145,610,000 Shares, representing approximately 43.26% of the Company’s issued share capital. All Dragon International Limited (“All Dragon”) had notified the Company, as of 27 June 1997, it was deemed to be interested in the 145,610,000 Shares held by Texan, as being the controlling corporation of Texan.

The Company had been provided with a judgment of the court dated 18 January 2008 (“Judgment”) in respect of an application for summary judgment (“Application”) by Pacific Electric Wire and Cable Company Limited (“Pacific Electric”) in the Legal Action (as defined below). Pursuant to the Judgment, it was held, among other things, Texan held the Shares owned by it upon trust for Pacific Electric. Pacific Electric had notified the Company on 22 January 2008 that Pacific Electric was the beneficial

owner of the 145,610,000 Shares, representing approximately 43.26% of the Company's issued share capital. The Company had also been notified by Texan that Texan would appeal against the Judgment and the findings made therein, including, the finding that Texan held the shares upon trust for Pacific Electric.

On 16 October 2008, the Company was notified that in compliance with the order of the Court ("Order") which ordered Texan and Pacific Capital (Asia) Limited ("PC Asia") to transfer their respective Shares (being 145,609,998 Shares for Texan and 1 Share for PC Asia) to PEWC Asset Holdings Limited ("PAH"), a wholly owned subsidiary of Pacific Electric, made pursuant to the Application, Texan and PC Asia had prepared documents for the transfer of their respective said Shares to be delivered to Pacific Electric. On or about 27 February 2009, the said 145,609,999 Shares had been registered in the name of PAH.

On 18 November 2008, PAH had notified the Company that PAH was interested, as nominee, in 145,609,999 Shares, representing approximately 43.26% of the Company's issued share capital.

On 4 March 2009, the Company was notified by the solicitors acting for Texan and PC Asia of the following:

- (i) Texan and PC Asia, amongst others, had successfully appealed against the Order in the Court of Appeal on 2 and 3 March 2009; and
- (ii) the Court of Appeal ordered on 3 March 2009 that the Order be discharged.

On or about 20 August 2009, the Company was notified by the solicitors acting for, among others, All Dragon, Texan and PC Asia of the following:

- (i) pursuant to an order of the Court of Appeal dated 3 March 2009 ("Court of Appeal Order"), Pacific Electric was ordered by the Court of Appeal to procure PAH to transfer 145,609,999 Shares to Texan and PC Asia; and
- (ii) due to Pacific Electric's non-compliance with the Court of Appeal Order, Texan and PC Asia applied to the court for the execution of the relevant share transfers by a judicial officer in place of PAH, and such application was approved by the court on 31 July 2009. Accordingly, the said 145,609,999 Shares had been transferred to Texan (as to 145,609,998 Shares) and to PC Asia (as to 1 Share).

On 27 August 2009, the said 145,609,998 Shares and 1 Share had been registered in the name of Texan and PC Asia respectively.

On 12 April 2012, the Company was notified that judgment has been delivered by the High Court of Hong Kong in relation to the Legal Action (as defined below) (the "2012 Judgment"), which contains, among other things, the following:

- (i) there be a declaration that Texan holds all its Shares on constructive trust for Pacific Electric, and Texan is to transfer all of its such Shares to Pacific Electric within 28 days; and
- (ii) there be a declaration that PC Asia holds all its Share on constructive trust for the Pacific Electric, and PC Asia is to transfer all of its such Share to Pacific Electric within 28 days.

On 16 April 2012, the solicitors acting for Pacific Electric notified the Company that Pacific Electric was beneficially interested in 145,610,000 Shares representing approximately 43.26% of the Company's issued share capital.

On 31 May 2012, the solicitors acting for Full Global International Limited ("Full Global") notified the Company that pursuant to the 2012 Judgment, the following transfer of Shares were executed on 29 May 2012:

- (i) 145,609,998 Shares from Texan to Full Global (as nominee of Pacific Electric); and
- (ii) 1 Share from PC Asia to Full Global (as nominee of Pacific Electric).

As at 18 June 2012, the said 145,609,998 Shares and 1 Share had been registered in the name of Full Global. Full Global, a company incorporated in the British Virgin Islands, is wholly-owned by Developer Global Limited, a company incorporated in the British Virgin Islands, which in turn is wholly-owned by Dragon Conqueror Limited, a company incorporated in the British Virgin Islands, which in turn is wholly-owned by Pacific Electric.

The Legal Action refers to the legal action instituted by Pacific Electric, as plaintiff, on 23 September 2004 in the High Court of Hong Kong ("Legal Action") against, among others, Texan and All Dragon in respect of, among others, shares of the Company held by Texan. Further details on the Legal Action are set out in the announcements of the Company dated 8 October 2004, 2 December 2004, 21 March 2006, 18 April 2006, 25 January 2008, 20 October 2008, 5 March 2009, 25 August 2009 and 20 April 2012.

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

		Unaudited	
		Six months ended 30 June	
		2013	2012
		HK\$'000	HK\$'000
	<i>Note</i>		
Recharge of rental to			
Fong Wing Shing Construction Company Limited ("Fong Wing Shing"), an entity with directorships in common	<i>(i)</i>	167	343
		<u><u>167</u></u>	<u><u>343</u></u>

- (i) The rental was charged to Fong Wing Shing based on the floor area occupied.

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

	Unaudited	Audited
	30 June	31 December
	2013	2012
	HK\$'000	HK\$'000
Amount due to an associated company of MVI	3,644	3,593
	<u><u>3,644</u></u>	<u><u>3,593</u></u>

The amount due to Mosel Vitelic Corporation (“MVC”), an associated company of MVI, was waived in 2009 by MVC, which had been dissolved under the laws of the United States of America. Since the period of actions for debts against a dissolved corporation had not been legally expired as of 30 June 2013, the balance was not written back during this period.

(c) Key management compensation

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Salaries, allowances and other benefits in kind	883	583
Bonus	—	—
	<u>883</u>	<u>583</u>
	<u>883</u>	<u>583</u>

19. Commitments

At 30 June 2013, the total future minimum office rental lease payments payable under non-cancellable operating leases were as follows:

	Unaudited	Audited
	30 June	31 December
	2013	2012
	HK\$'000	HK\$'000
Total future minimum office rental lease payments payable:		
— Not later than 1 year	2,321	3,392
— Later than 1 year and not later than 5 years	1,087	—
	<u>3,408</u>	<u>3,392</u>
	<u>3,408</u>	<u>3,392</u>

RESULTS

During the six months ended 30 June 2013, the Group achieved a turnover of approximately HK\$5.5 million, representing a decrease of approximately 7.5% as compared to the corresponding period last year. The profit attributable to equity holders of the Company was approximately HK\$48.3 million, as compared to approximately HK\$49.3 million in the corresponding period last year.

DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2013.

BUSINESS REVIEW

Design and distribution of integrated circuit and semi-conductor parts

For the six months ended 30 June 2013, due to the continuing weaken market demand in existing products and the soft market demand in new products, our operation in Shanghai recorded revenue of approximately HK\$5.5 million, a decrease of approximately 7.5% as compared to the corresponding period last year. The gross profit margin of our operation in Shanghai was approximately 68% (2012: approximately 67%). For the period under review, the operation in Shanghai recorded a continuing net loss of approximately HK\$111,000 (2012: a net loss of approximately HK\$70,000).

The Group has ceased its operations in Taiwan following the disposal of SyncMOS Technologies in January 2012 and the results of SyncMOS Technologies have been presented as discontinued operations.

Investment holding

As at 30 June 2013, the Group held approximately 879,919 shares of ChipMOS Technologies (Bermuda) Limited (“ChipMOS”), a company listed on the NASDAQ. ChipMOS is a leading provider of semiconductor testing and assembly services to customers in Taiwan, Japan and the United States of America.

During the period under review, the Company did not dispose of any ChipMOS share.

As at 30 June 2013, the quoted market price of ChipMOS was approximately US\$19.35 per share, as compared to approximately US\$11.6027 per share as at 31 December 2012. An unrealised gain of approximately HK\$52.91 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 12 August 2013 was approximately US\$15.17.

Future plans and prospects

Economic uncertainties and cost inflation continue to be challenging. The Group will maintain a prudent position in financial and risk management.

We will continue to focus on our main business in the design and trading of integrated circuit products and will enhance our research and development and sale and marketing functions to improve our existing products and to develop new products for strengthening our competitive edge in the long run.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the cash and cash equivalents of the Group amounted to approximately HK\$43.5 million (31 December 2012: approximately HK\$47.5 million).

For the six months ended 30 June 2013, the net cash outflow of the Group amounted to approximately HK\$4.1 million (2012: net cash inflow amounted to approximately HK\$7.7 million).

As at 30 June 2013, the Group had no outstanding bank loan and no financing cost was incurred for the six months ended 30 June 2013.

As at 30 June 2013, the Group had short-term bank deposits of approximately HK\$31.8 million (31 December 2012: approximately HK\$31.5 million) which were classified as cash and cash equivalents.

GEARING RATIO

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

As at 30 June 2013, the gearing ratio of the Group, defined as total liabilities expressed as a percentage of total assets, was approximately 4% (31 December 2012: approximately 6%).

FOREIGN CURRENCY EXPOSURE

The Group's results are exposed to exchange fluctuations of Renminbi as the Group has operations in the PRC.

For the period under review, a net exchange gain of approximately HK\$38,000 (2012: loss of approximately HK\$21,000) was recognised in the condensed consolidated interim income statement. Exchange differences, arising upon translation of overseas operations, amounted to approximately HK\$68,000 was credited to the exchange reserve (2012: credit of approximately HK\$90,000).

CAPITAL STRUCTURE

No new capital was raised for the six months ended 30 June 2013. The profit attributable to equity holders for the period of approximately HK\$48.3 million (2012: profit of approximately HK\$49.3 million) was transferred to reserves. As at 30 June 2013, the shareholders' fund was approximately HK\$178.3 million (31 December 2012: approximately HK\$129.9 million).

INVESTMENTS AND CAPITAL ASSETS

The Group acquired property, plant and equipment of approximately HK\$86,000 for the six months ended 30 June 2013.

As at 30 June 2013, the Group held shares of ChipMOS at mark-to-market valuation of approximately HK\$132.1 million (31 December 2012: approximately HK\$79.1 million). In addition, the Group held some shares of Hong Kong listed companies with mark-to-market valuation of approximately HK\$0.9 million as at 30 June 2013 (31 December 2012: approximately HK\$0.9 million). For the period under review, there was no disposal of ChipMOS shares.

CHARGE ON ASSETS

As at 30 June 2013, the Group had no restricted bank deposits.

SEGMENTAL INFORMATION

For the period under review, Shanghai segment contributed mainly to the Group's business operation. Due to the continuing weaken market demand in existing products and the soft market demand in new products, our operation in Shanghai recorded a decrease in revenue of approximately 7.5% as compared to the same period last year. However, the gross profit margin of our operation in Shanghai maintained fairly the same as last period at approximately 68%.

HUMAN RESOURCES

As at 30 June 2013, the number of staff of the Group was approximately 40.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2013.

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 2013.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the changes in information of directors of the Company subsequent to the date of the 2012 annual report of the Company are set out below:

Mr. Chen Che Yuan, Executive Director and Chief Executive Officer, has acted as Special CEO Assistant for IC Manufacturing Engineering of Alchip Technologies Ltd. (“Alchip”), a company listed on the Taiwan Stock Exchange, with effect from 22 July 2013. Alchip is a global leading provider of silicon design and production services for system companies developing complex and high-volumn ASIC/SoC integrated circuits.

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 2013.

CORPORATE GOVERNANCE

On 11 April 2013, a special general meeting of the Company (the “SGM”) was held for the purposes of approving the payment of the Company’s 2012 and 2013 directors’ remuneration. At the SGM, 4 motions were received to amend certain original proposed resolutions set out in the notice of the SGM, mainly to revise the original proposed 2012 and 2013 remuneration of the Executive Directors. Resolutions proposed at the SGM were passed.

Details of the SGM and the poll results in respect of the resolutions proposed at the SGM were set out in the Company’s circular dated 23 March 2013 and announcement dated 11 April 2013 respectively.

In light of the new statutory disclosure regime under Part XIVA of the Securities and Futures Ordinance and the consequential amendments to the Listing Rules with effect from 1 January 2013, the Company has adopted a disclosure policy on 6 May 2013.

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Listing Rules throughout the six months period ended 30 June 2013, except for 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 bye-laws of the Company.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted 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 2013.

On behalf of the Board

Yip Chi Hung

Chairman

Hong Kong, 13 August 2013

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