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 2008

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 2008.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2008 HK$'000	Audited 31 December 2007 HK$'000
ASSETS			
Non-current assets			
Plant and equipment	*9*	**2,963**	3,235
Intangible assets	*9*	**383**	566
Long-term deposits		**789**	744
Deferred income tax assets		**774**	730
Total non-current assets		**4,909**	5,275
Current assets			
Inventories		**17,567**	21,901
Trade receivables	*10*	**9,971**	11,915
Deposits, prepayment and other receivables		**6,392**	6,284
Financial assets at fair value through profit or loss	*11*	**87,361**	112,272
Restricted cash		**263**	248
Cash and cash equivalents		**111,603**	105,229
Total current assets		**233,157**	257,849
Total assets		**238,066**	263,124

* *For identification purpose only*

	Note	Unaudited 30 June 2008 HK$'000	Audited 31 December 2007 HK$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	**134,922**	134,922
Reserves		**36,513**	61,941
Shareholders' funds		**171,435**	196,863
Minority interests		**40,002**	40,754
Total equity		**211,437**	237,617
LIABILITIES			
Current liabilities			
Trade payables	13	**13,918**	14,206
Other payables and accruals		**10,103**	8,751
Amount due to a related company	14	**2,608**	2,404
Income tax payable		**—**	146
Total current liabilities		**26,629**	25,507
Total liabilities		**26,629**	25,507
Total equity and liabilities		**238,066**	263,124
Net current assets		**206,528**	232,342
Total assets less current liabilities		**211,437**	237,617

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 June	
		2008	2007
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**45,691**	57,842
Cost of sales	*4*	**(35,117)**	(42,493)
Gross profit		**10,574**	15,349
Distribution costs	*4*	**(1,791)**	(1,893)
General and administrative expenses	*4*	**(14,563)**	(16,644)
Other income	*3*	**603**	1,615
Other (losses)/gains — net	*5*	**(27,339)**	11,720
Operating (loss)/profit		**(32,516)**	10,147
Finance income		**900**	990
(Loss)/profit before income tax		**(31,616)**	11,137
Income tax credit/(expense)	*6*	**1,321**	(844)
(Loss)/profit for the period		**(30,295)**	10,293
Attributable to:			
Equity holders of the Company		**(29,184)**	10,359
Minority interest		**(1,111)**	(66)
		(30,295)	10,293
Basic (loss)/earnings per share	*7*	**(8.67 cents)**	3.08 cents
Diluted (loss)/earnings per share		**(8.67 cents)**	3.08 cents
Dividends	*8*	**—**	—

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Employee share-based compensation reserve HK$'000	Other statutory reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Minority interest HK$'000	Total equity HK$'000
Balance at 1 January 2007	33,659	101,263	1,619	196	2,046	117,894	256,677	43,363	300,040
Transfer to statutory reserve of a Taiwan subsidiary	—	—	—	—	506	(506)	—	—	—
Currency translation differences	—	—	(798)	—	—	—	(798)	(708)	(1,506)
Dividend to minority shareholders of a subsidiary	—	—	—	—	—	—	—	(3,289)	(3,289)
Employee share-based compensation scheme	—	—	—	1,011	—	—	1,011	—	1,011
Profit/(loss) for the period	—	—	—	—	—	10,359	10,359	(66)	10,293
Balance at 30 June 2007	33,659	101,263	821	1,207	2,552	127,747	267,249	39,300	306,549
Balance at 1 January 2008	33,659	101,263	2,505	2,269	2,551	54,616	196,863	40,754	237,617
Transfer to statutory reserve of a Taiwan subsidiary	—	—	—	—	331	(331)	—	—	—
Currency translation differences	—	—	3,480	—	—	—	3,480	2,454	5,934
Dividend to minority shareholders of a subsidiary	—	—	—	—	—	—	—	(2,095)	(2,095)
Employee share-based compensation scheme	—	—	—	276	—	—	276	—	276
Loss for the period	—	—	—	—	—	(29,184)	(29,184)	(1,111)	(30,295)
Balance at 30 June 2008	33,659	101,263	5,985	2,545	2,882	25,101	171,435	40,002	211,437

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Cash inflow/(outflow) from operating activities		
Cash generated from/(used in) operations	**1,135**	(18,177)
Interest received	**900**	990
Overseas taxes refund	**1,175**	—
Net cash generated from/(used in) operating activities	**3,210**	(17,187)
Cash flows from investing activities		
Purchase of plant and equipment	**(56)**	(705)
Purchase of intangible assets	**—**	(160)
Purchase of financial assets at fair value through profit and loss	**(1,429)**	(3,313)
Proceeds from disposal of financial assets at fair value through profit and loss	**—**	12,731
Decrease in pledged deposits	**—**	4
Net cash (used in)/generated from investing activities	**(1,485)**	8,557
Net increase/(decrease) in cash and cash equivalents	**1,725**	(8,630)
Cash and cash equivalents at 1 January	**105,229**	102,642
Exchange gains/(losses)	**4,649**	(944)
Cash and cash equivalents at 30 June	**111,603**	93,068
Analysis of cash and cash equivalent balances		
Cash at bank and in hand	**111,603**	93,068

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

PacMOS Technologies Holdings Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the design, distribution and trading of integrated circuits and semi-conductor parts in Taiwan and the People's Republic of China (the "PRC"), and investments holding.

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, Island East, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements ("interim financial statements") are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. They have been approved for issue by the Board of Directors of the Company on 24 September 2008.

2. Basis of preparation and accounting polices

This unaudited condensed consolidated interim financial statements for the six months ended 30 June 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certificate Public Accountants ("HKICPA") and applicable disclosure requirements of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual report of the Group for the year ended 31 December 2007.

The accounting policies and methods of computations adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in the annual report for the year ended 31 December 2007.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with those HKAS, Hong Kong Financial Reporting Standards ("HKFRS") and interpretations of HKAS (together "HKFRSs") issued and effective as at the time of preparing these unaudited condensed consolidated interim financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 and have been adopted by the Group.

- HK(IFRIC) — Int 11, "HKFRS 2 — Group and treasury share transactions"
- HK(IFRIC) — Int 12, "Service concession arrangements"
- HK(IFRIC) — Int 14, "HKAS 19 — the limit on a defined benefit asset, minimum funding requirements and their interaction"

The adoption of the above new/revised HKFRS standard and interpretations did not have any impact on these interim financial statements and has not led to any changes in the accounting policies.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- HKFRS 8, "Operating segments", effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, "Segment reporting", and requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by management, but it appears likely that the number of reported segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

- HKAS 23 (revised), "Borrowing costs", effective for annual periods beginning on or after 1 January 2009. Management does not expect the adoption of this amendment to be relevant to the Group.

- HKFRS 2 (amendment) "Share-based payment", effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes to vesting conditions and cancellations on a subsidiary's share option scheme.

- HKFRS 3 (revised), "Business combinations" and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates" and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting and consolidation on the Group. The Group does not have any associates nor joint ventures.

- HKAS 1 (revised), "Presentation of financial statements", effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.

- HKAS 32 (amendment), "Financial instruments; presentation", and consequential amendments to HKAS 1, "Presentation of financial statements", effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group as the Group does not have any puttable instruments.

- HK(IFRC) — Int 13, "Customer loyalty programmes" effective for annual periods beginning on or after 1 July 2008. Management does not expect the adoption of this amendment to be relevant to the Group.

3. **Revenue and 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 investments holding.

(a) Revenues recognised during the period are as follows:

	Unaudited	
	2008	2007
	HK$'000	*HK$'000*
Revenue		
Sales of integrated circuits and semi-conductor parts	**45,691**	57,842
Other income		
Rental income	**163**	121
Sundry income	**440**	1,494
	603	1,615
Total revenues	**46,294**	59,457

(b) **Segment information**

More than 90% of the Group's revenue and operating profit was attributable to its design and distribution of integrated circuits and semi-conductor parts. Accordingly, no analysis by business segment is included in these financial statements.

Segment information is presented by way of geographical regions as the primary reporting format. An analysis of the Group segment information by geographical segment is set out as follows.

	Six months ended 30 June 2008			
	Hong Kong	**Taiwan**	**PRC**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenues	**—**	**40,682**	**5,009**	**45,691**
Operating loss	**(27,726)**	**(3,240)**	**(229)**	**(31,195)**
Capital expenditures	**—**	**—**	**56**	**56**
	As at 30 June 2008			
Assets	**109,470**	**114,493**	**14,103**	**238,066**
Liabilities	**(1,061)**	**(19,125)**	**(6,443)**	**(26,629)**

	Six months ended 30 June 2007			
	Hong Kong	Taiwan	PRC	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenues	—	51,812	6,030	57,842
Operating profit/(loss)	8,530	(611)	2,228	10,147
Capital expenditures	11	729	125	865
	As at 31 December 2007			
Assets	139,029	110,765	13,330	263,124
Liabilities	(1,617)	(17,932)	(5,958)	(25,507)

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	
	2008	2007
	HK$'000	*HK$'000*
Amortisation of intangible assets	**213**	300
Auditors' remuneration	**742**	900
Depreciation of plant and equipment	**481**	777
Operating lease rentals in respect of land and building	**2,356**	1,994
Reversal for impairment of trade receivables	**(16)**	(41)
Research and development costs	**830**	969
Marketing costs	**742**	736
Employee benefit expenses (including directors' emoluments)	**9,925**	10,618
Cost of inventories sold	**33,890**	41,001
Others	**2,308**	3,776
Total cost of sales, distribution costs and administrative expenses	**51,471**	61,030

5. Other (losses)/gains — net

Other gains recognised during the period are as follows:

	Unaudited Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Financial assets at fair value through profit and loss:		
— Realised fair value gains	**—**	1,039
— unrealised fair value (losses)/gains	**(26,340)**	10,517
Exchange (losses)/gains — net	**(999)**	164
Total other (losses)/gains — net	**(27,339)**	11,720

6. Income tax (credit)/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 2007: 17.5%) 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. No income tax has been provided as there is no assessable profit arising for the period.

The amount of tax charged to the condensed consolidated income statement represents:

	Unaudited Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Current income tax		
— Overseas tax	**(1,321)**	844
	(1,321)	844

7. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the period attributable to equity holders of approximately HK$29,183,414 (2007: profit of HK$10,358,603) and 336,587,142 shares (2007: 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	
	2008	2007
	HK cents	*HK cents*
Basic (loss)/earnings per share	**(8.67)**	3.08

The Company has no share option schemes. The Company's subsidiary has employee share options outstanding as at 30 June 2008 and 2007. The employee share options of this subsidiary outstanding as at 30 June 2008 and 2007 did not have a dilutive effect on (loss)/earnings per share.

8. Dividends

The Directors do not recommend the payment of a dividend (six months ended 30 June 2007: Nil).

9. Plant and equipment and intangible assets

	Plant and equipment *HK$'000*	Intangible assets *HK$'000*	Total *HK$'000*
Opening net book amount as at 1 January 2007	3,795	865	4,660
Additions	705	160	865
Depreciation and amortisation	(777)	(300)	(1,077)
Currency translation differences	(9)	(14)	(23)
Closing net book amount as at 30 June 2007	3,714	711	4,425
Opening net book amount as at 1 January 2008	3,235	566	3,801
Additions	56	—	56
Depreciation and amortisation	(481)	(213)	(694)
Currency translation differences	153	30	183
Closing net book amount as at 30 June 2008	2,963	383	3,346

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 2008 ***HK$'000***	Audited 31 December 2007 *HK$'000*
0 to 90 days	**9,971**	11,915
91 to 180 days	**—**	16
	9,971	11,931
Less: Provision for impairment of receivables	**—**	(16)
	9,971	11,915

11. Financial assets at fair value through profit or loss

	Unaudited 30 June 2008 *HK$'000*	Audited 31 December 2007 *HK$'000*
Listed equity securities in		
— United States of America	**81,560**	107,236
— Hong Kong	**5,801**	5,036
Market value of listed securities	**87,361**	112,272

Changes in fair value of the financial assets at fair value through profit or loss are recorded in other (losses)/gains, net in the condensed consolidated income statement.

The fair value of all equity securities is based on their bid prices in an active market as at 30 June 2008.

12. Share capital

	Number of share (thousands)	**Ordinary shares** *HK$'000*	**Share premium** *HK$'000*
At 31 December 2007 and 30 June 2008	336,587	33,659	101,263

The total authorised number of ordinary shares is 500 million shares (2007: 500 million shares) with a par value of HK$0.1 per share (2007: HK$0.1 per share). All issued shares are fully paid.

13. Trade payables

At 30 June 2008, the aging analysis of the trade payables is as follows:

	Unaudited 30 June 2008 *HK$'000*	Audited 31 December 2007 *HK$'000*
0 to 90 days	**13,918**	14,206
	13,918	14,206

14. Related party transactions

The Group is 43.3% held by Texan Management Limited (incorporated in the British Virgin Islands). In addition, Mosel Vitelic Inc. ("MVI") (a listed company in Taiwan) owns approximately 31.5% of the Company's shares. The remaining 25.2% of the Company's shares are widely held.

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	
	Note	**2008**	2007
		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)*	**163**	121
Expenses paid/payable to MVI			
Rental expenses	*(ii)*	**38**	—
Design service fees	*(iii)*	**286**	111
Technical service fees	*(iii)*	**—**	338
		324	449

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

(ii) During the six months ended 30 June 2008, 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 technical 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	Audited
	30 June	31 December
	2008	2007
	HK$'000	*HK$'000*
Due to MVI	**2,608**	2,404

Balance with a related company was unsecured, interest-free and repayable on demand.

The carrying amount of amount due to a related company approximate to its fair value.

(c) Key management compensation:

	Unaudited Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind (including share based compensation)	**398**	366
Bonus	**151**	209
Retirement benefit costs	**8**	4
	557	579

15. Commitments

At 30 June 2008, the total future minimum lease payments payable under non-cancellable operating leases were as follows:

	Unaudited	Audited
	30 June	31 December
	2008	2007
	HK$'000	*HK$'000*
Total future minimum lease payments payable:		
— Not later than 1 year	**4,536**	4,498
— Later than 1 year and not later than 5 years	**5,365**	6,290
	9,901	10,788

RESULTS

For the six months ended 30 June 2008, the Group achieved a turnover of approximately HK$45.7 million, as compared to that of the corresponding period last year of approximately HK$57.8 million. The loss attributable to shareholders was approximately HK$29.2 million as compared to a profit of approximately HK$10.4 million for the corresponding period last year.

DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 30 June 2008.

BUSINESS REVIEW

Design and distribution of integrated circuit and semi-conductor parts

For the six months ended 30 June 2008, due to decline in market demand and keen competition within the industry, the revenue of the Group's operation in Taiwan and Shanghai reduced approximately 21% and 17% respectively as compared to the corresponding period last year. The gross profit margins of the both operations also reduced for the period under review. For the six months ended 30 June 2008, the operations in Taiwan and Shanghai recorded operating losses of approximately HK$3.2 million (2007: loss of HK$0.6 million) and HK$0.2 million (2007: profit of HK$2.2 million) respectively.

Investment holding

As at 30 June 2008, the Group held approximately 3.2 million shares of ChipMOS Technologies (Bermuda) Limited ("ChipMOS"), a company listed in 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 2008, the closing market price of ChipMOS was US$3.24 per share as compared to US$4.26 per share as at 31 December 2007. For the six months ended 30 June 2008, an unrealised loss of approximately HK$25.7 million was recorded by the Group due to mark to market valuation of the shares.

There was a further decline in market price of ChipMOS subsequent to 30 June 2008. As at 23 September 2008, the closing market price of ChipMOS was US$1.74 per share. It represents a further mark to market unrealised loss of approximately HK$37.8 million, calculated on the basis of the difference between the closing market prices as at 30 June 2008 and 23 September 2008.

Future plans and prospects

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. To deal with market decline and competition, the Group is migrating to use more advanced production processes and is enhancing the functions of our integrated circuit products.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, the cash and cash equivalents of the Group amounted to approximately HK$111.6 million as compared to that as at 31 December 2007 of approximately HK$105.2 million.

For the period under review, the net cash inflow of the Group amounted to approximately HK$1.7 million (2007: outflow of approximately HK$8.6 million), of which approximately HK$3.2 million (2007: outflow of approximately HK$17.2 million) was cash inflow from operating activities. Despite a loss of approximately HK$30.3 million was recorded during the period under review, the Group has a net cash inflow from operating activities of approximately HK$3.2 million, it was mainly because approximately HK$26.3 million was unrealised losses upon mark to market valuation of the Group's financial assets which has no cash flow impact and there were improvements in managing inventory and trade receivables levels as compared to the corresponding period last year.

As at 30 June 2008, the Group has no outstanding bank loans and no financing cost was incurred for the period under review.

GEARING RATIO

As at 30 June 2008, the gearing ratio of the Group, defined as total liabilities expressed as a percentage of total assets, was approximately 11.2% (31 December 2007: approximately 9.7%). No debt financing has been raised during the period under review.

FOREIGN CURRENCY EXPOSURE

For the six months ended 30 June 2008, a net exchange loss of approximately HK$1 million (2007: gain of approximately HK$0.2 million) was recognised in the condensed consolidated income statement, and an exchange adjustment of approximately HK$3.5 million was credited to reserves upon translation of overseas operations (2007: debited of approximately HK$0.8 million).

As the Group has overseas operations in PRC and Taiwan, the Group's results are exposed to exchange fluctuations of Renminbi and New Taiwan dollars.

CAPITAL STRUCTURE

There was no change in the share capital of the Company for the year under review. The loss attributable to equity holders of approximately HK$29.2 million was transferred to reserves. As at 30 June 2008, the shareholders' fund was approximately HK$171.4 million (31 December 2007: HK$196.9 million).

INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2008, the Group held shares of ChipMOS with mark to market value of approximately HK$81.6 million, as well as some Hong Kong listed companies shares with mark to market value of approximately HK$5.8 million.

For the six months ended 30 June 2008, total additions to plant and equipment amounted to approximately HK$0.06 million as compared to approximately HK$0.9 million for the corresponding period of last year.

CHARGE ON ASSETS

As at 30 June 2008, restricted bank deposits amounted to approximately HK$0.3 million, mainly for the purpose of securing payment of value added tax as required by Taiwan Tax Bureau.

SEGMENTAL INFORMATION

For six months ended 30 June 2008, approximately 89% of turnover of the Group was generated in Taiwan. The Taiwan operation recorded an operating loss of approximately HK$3.2 million (2007: approximately HK$0.6 million), while the operations in Shanghai recorded an operating loss of approximately HK$0.2 million (2007: operating profit of approximately HK$2.2 million).

HUMAN RESOURCES

There is no material change in the headcount of the Group. As at 30 June 2008, the number of staff was approximately 86.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2008.

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 2008.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2008, none of the directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) that is required to be recorded and kept in the register in accordance with section 352 of the SFO, any interests required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SUBSTANTIAL SHAREHOLDERS' INTERESTS OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 June 2008, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital.

Name of shareholder	Number of issued shares	Percentage holding
Texan Management Limited ("Texan") *(Notes (1) and (3))*	145,610,000	43.3%
Vision2000 Venture Ltd. ("Vision2000") *(Note (2))*	106,043,142	31.5%

Notes:

(1) 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.

(2) Mosel Vitelic Inc. had notified the Company, as of 27 June 1997, it was deemed to be interested in the 106,043,142 shares held by Vision2000, as being the controlling corporation of Vision2000.

(3) The Company had been provided with a judgment of the court dated 18 January 2008 ("Judgment") in respect of an application for summary judgment 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 of the Company 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 held by Texan. 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. 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, shares of the Company held by Texan. Further details on the Legal Action are set out in the announcements of the Company dated 21 March 2006, 18 April 2006 and 25 January 2008.

SHARES OPTIONS

On 29 November 2006, an ordinary resolution was passed at a special general meeting 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"). SyncMOS Taiwan may grant options to its full time employees, including executive and non-executive directors, to subscribe for shares of SyncMOS Taiwan.

Details of the share options outstanding as at 30 June 2008 which have been granted under the Scheme are as follows:

Grantee	Date of Grant	Exercise price *HK$*	Exercise period	At January 2008	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2008
Employees	1 December 2006	2.63	1 December 2007 to 31 December 2009	1,305,000	—	—	45,000	1,260,000
	1 December 2006	2.63	1 December 2008 to 31 December 2009	1,305,000	—	—	45,000	1,260,000

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 STATEMENTS

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2008.

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 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited for the accounting period covered by the 2008 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 then 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, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2008.

On behalf of the Board
Yip Chi Hung
Chairman

Hong Kong, 24 September 2008

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.