太 睿 國 際 控 股 有 限 公 司
PacRay International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1010)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "**Board**") of Directors (the "**Directors**") of PacRay International Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred hereinafter as the "**Group**") for the six months ended 30 June 2017, together with comparative figures as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		For the six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**11,506**	7,546
Cost of sales	*7*	**(4,972)**	(2,989)
Gross profit		**6,534**	4,557
Distribution costs	*7*	**(32)**	(36)
General and administrative expenses	*7*	**(8,295)**	(8,022)
Other income	*5*	**429**	303
Other gains/(losses), net	*6*	**98**	(6,078)
Loss before income tax		**(1,266)**	(9,276)
Income tax expense	*8*	**(187)**	(82)
Loss for the period attributable to owners of the Company		**(1,453)**	(9,358)
Loss per share attributable to owners of the Company		***HK cents***	*HK cents*
— Basic and diluted	*9*	**(0.43)**	(2.78)
Dividends	*10*	**–**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(1,453)**	(9,358)
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Fair value gain on available-for-sale financial assets	**18,875**	–
Currency translation differences	**394**	(246)
Total comprehensive gain/(loss) for the period attributable to owners of the Company	**17,816**	(9,604)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant, and equipment	*11*	**2,283**	2,288
Intangible assets		**–**	–
Deferred income tax assets		**426**	412
Available-for-sale financial assets	*12*	**65,930**	47,055
Long-term deposits		**357**	177
		68,996	49,932
Current assets			
Inventories		**5,303**	4,282
Trade and bills receivables	*13*	**3,194**	3,991
Deposits, prepayments and other receivables		**4,619**	15,124
Amount due from a related party	*19(b)*	**3**	3
Financial assets at fair value through profit or loss	*14*	**838**	718
Current income tax recoverable		**–**	51
Cash and cash equivalents	*15*	**90,414**	81,726
		104,371	105,895
Total assets		**173,367**	155,827
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*16*	**134,922**	134,922
Other reserves		**10,595**	(8,674)
Retained earnings		**25,528**	26,981
Total equity		**171,045**	153,229
LIABILITIES			
Current liabilities			
Trade payables	*17*	**14**	105
Other payables and accruals		**2,185**	2,493
Income tax payable		**123**	–
Total liabilities		**2,322**	2,598
Total equity and liabilities		**173,367**	155,827

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital (Unaudited)	**Exchange reserve (Unaudited)**	**Investment reserve (Unaudited)**	**Retained earnings (Unaudited)**	**Total equity (Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	134,922	545	–	31,975	167,442
Comprehensive loss					
Loss for the period	–	–	–	(9,358)	(9,358)
Other comprehensive loss					
Currency translation differences	–	(246)	–	–	(246)
Total comprehensive loss for the period	–	(246)	–	(9,358)	(9,604)
At 30 June 2016	134,922	299	–	22,617	157,838
At 1 January 2017	**134,922**	**(203)**	**(8,471)**	**26,981**	**153,229**
Comprehensive loss					
Loss for the period	**–**	**–**	**–**	**(1,453)**	**(1,453)**
Other comprehensive gain					
Fair value gain on available-for-sale financial assets	**–**	**–**	**18,875**	**–**	**18,875**
Currency translation differences	**–**	**394**	**–**	**–**	**394**
Total comprehensive gain/(loss) for the period	**–**	**394**	**18,875**	**(1,453)**	**17,816**
At 30 June 2017	**134,922**	**191**	**10,404**	**25,528**	**171,045**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash inflow/(outflow) from operating activities	**8,270**	(3,362)
Net cash inflow/(outflow) from investing activities	**121**	(102)
Net increase/(decrease) in cash and cash equivalents	**8,391**	(3,464)
Cash and cash equivalents at 1 January	**81,726**	87,791
Exchange gains/(losses) on cash and cash equivalents	**297**	(257)
Cash and cash equivalents at 30 June	**90,414**	84,070

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standards 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 of Hong Kong Limited (the "**Listing Rules**").

These unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016. The accounting policies adopted are consistent with those followed in the preparation of the audited consolidated financial statements for the year ended 31 December 2016, except for the adoption of amendments to Hong Kong Financial Reporting Standards effective for the financial year ending 31 December 2017.

The financial information relating to the year ended 31 December 2016 that is included in these interim financial statements for the six months ended 30 June 2017 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements.

The condensed consolidated financial statements have not been audited by the Company's independent auditors, but have been reviewed and commented on by the Company's audit committee.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (the "**new and revised HKFRS**"). The Group has not early adopted the new and revised HKFRS that have been issued but are not yet effective, as the Group is in the process of assessing the impact of these new and revised HKFRS on the financial performance and financial position of the Group. Amendments to Hong Kong Financial Reporting Standards effective for the accounting period beginning on or after 1 January 2017 do not have a material impact on the Group.

2. 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 this condensed consolidated interim financial statements, 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 2016.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

The condensed consolidated interim financial statements do 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 2016.

3.2 Liquidity risk

Compared to year ended 31 December 2016, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair values as at 30 June 2017 by level of the inputs to valuation techniques used to measure fair values. Such inputs are categorised into three levels within a fair value hierarchy 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 2017.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets				
Available-for-sale financial assets	**65,930**	**–**	**–**	**65,930**
Financial assets at fair value through profit or loss	**838**	**–**	**–**	**838**
	66,768	**–**	**–**	**66,768**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2016.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Available-for-sale financial assets	47,055	–	–	47,055
Financial assets at fair value through profit or loss	718	–	–	718
	47,773	–	–	47,773

The fair values of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

4. SEGMENT INFORMATION

The Group is principally engaged in the design, distribution and trading of integrated circuits and semi-conductor parts in the PRC, and investment holding.

For management purpose, the Group is organised into two main operations:

(i) corporate administration and investment functions performed by the Hong Kong headquarter; and

(ii) design and sales of integrated circuits used in industrial and household measuring tools conducted through the Group's subsidiary in the PRC, namely Shanghai SyncMOS Semiconductor Company Limited ("**Shanghai SyncMOS**").

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 (Unaudited) ***HK\$'000***	**PRC (Unaudited)** ***HK\$'000***	**Total (Unaudited)** ***HK\$'000***
Six months ended 30 June 2017			
Revenues from external customers	**–**	**11,506**	**11,506**
Operating (loss)/profit	**(4,116)**	**2,535**	**(1,581)**
(Loss)/profit for the period	**(3,804)**	**2,351**	**(1,453)**
Other losses, net included in operating profit	**112**	**(14)**	**98**
Capital expenditures	**–**	**206**	**206**
At 30 June 2017			
Segment assets	**158,631**	**14,736**	**173,367**
Segment liabilities	**1,462**	**860**	**2,322**

	Hong Kong (Unaudited) *HK\$'000*	PRC (Unaudited) *HK\$'000*	Total (Unaudited) *HK\$'000*
Six months ended 30 June 2016			
Revenue from external customers	–	7,546	7,546
Operating (loss)/profit	(9,995)	528	(9,467)
(Loss)/profit for the period	(9,812)	454	(9,358)
Other losses, net included in operating profit	(6,069)	(9)	(6,078)
Capital expenditures	9	303	312
At 30 June 2016			
Segment assets	149,133	11,983	161,116
Segment liabilities	2,123	1,155	3,278

5. OTHER INCOME

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**315**	191
Dividend income	**28**	28
Sundry income	**86**	84
Other income	**429**	303

6. OTHER GAINS/(LOSSES), NET

Other gains/(losses) recognised during the period are as follows:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss:		
— unrealised fair value gains/(losses)	**120**	(6,200)
Exchange (losses)/gains, net	**(22)**	122
Other gains/(losses), net	**98**	(6,078)

7. EXPENSES BY NATURE

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Auditors' remuneration		
— Audit services	**395**	387
— Non-audit services	**–**	–
Cost of inventories sold	**4,972**	2,989
Depreciation of property, plant and equipment	**281**	269
Employee benefit expenses (including directors' emoluments)	**4,035**	3,857
Legal and professional fee	**995**	1,161
Marketing costs	**32**	36
Operating lease rentals in respect of properties	**800**	822
Research and development costs	**28**	48
Other expenses	**1,761**	1,478
Total cost of sales, distribution costs and general and administrative expenses	**13,299**	11,047

8. INCOME TAX

The Company is exempted from taxation in Bermuda. No provision for Hong Kong profits tax has been made as its subsidiaries in Hong Kong have no estimated assessable profits for the period. According to the relevant PRC tax regulations, Shanghai SyncMOS, being qualified as a New and High Technology Enterprise during the year ended 31 December 2016, is entitled to a preferential Corporate Income Tax rate of 15% (six months ended 30 June 2016: 15%). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates prevailing in the countries in which the Group operates.

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax — overseas tax	**187**	82

9. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(1,453)**	(9,358)
Weighted average number of ordinary shares in issue *(thousands)*	**336,587**	336,587
	HK cents	*HK cents*
Basic loss per share	**(0.43)**	(2.78)

(b) Diluted

The Company does not have any potentially dilutive ordinary shares.

10. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (2016: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) *HK$'000*
Opening net book amount as at 1 January 2016	2,560
Additions	312
Depreciation	(269)
Exchange differences	(56)
Closing net book amount as at 30 June 2016	2,547

	(Unaudited) ***HK$'000***
Opening net book amount as at 1 January 2017	**2,288**
Additions	**206**
Depreciation	**(281)**
Exchange differences	**70**
Closing net book amount as at 30 June 2017	**2,283**

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Listed investments		
— Equity securities listed in the United States of America	**65,930**	47,055

The fair value of the listed investments is based on their current quoted market prices.

13. 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 invoice date is as follows:

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
1–30 days	**715**	383
31–90 days	**1,376**	1,755
Over 90 days	**44**	147
	2,135	2,285

As at 30 June 2017, bills receivables of HK$1,059,000 (31 December 2016: HK$1,706,000) will mature as follows:

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
0–30 days	**420**	251
31–90 days	**259**	748
91–180 days	**380**	707
	1,059	1,706

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Listed securities-held-for-trading		
— Hong Kong	**838**	718

The fair value of all equity securities is based on their current quoted market prices.

15. CASH AND CASH EQUIVALENTS

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Cash at bank	**58,965**	5,744
Term deposits with original maturities of three months or less	**31,441**	75,973
Cash on hand	**8**	9
Cash and cash equivalents	**90,414**	81,726

16. SHARE CAPITAL

	Number of shares *(Thousands)*	**Ordinary shares** *HK$'000*	**Share premium** *HK$'000*	**Total share capital** *HK$'000*
At 1 January 2016, 31 December 2016 and 30 June 2017	336,587	33,659	101,263	134,922

The total authorised number of ordinary shares is 1,000 million shares (31 December 2016: 1,000 million shares) with a par value of HK$0.1 per share (31 December 2016: HK$0.1 per share). All issued shares are fully paid.

17. TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
0–30 days	**14**	105

18. OPERATING LEASE COMMITMENTS

As at 30 June 2017, the future aggregate minimum lease payments for office premises under non-cancellable operating leases are as follows:

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
— Not later than one year	**1,421**	1,107
— Later than one year and not later than five years	**1,034**	717
	2,455	1,824

19. RELATED PARTY TRANSACTIONS

The Directors regard Pacific Electric Wire and Cable Company ("**PEWC**"), a public company incorporated in Taiwan, as the ultimate holding company of the Company.

(a) Key management compensation

Key management includes Directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	For the six months ended 30 June 2017 (Unaudited) *HK$'000*	2016 (Unaudited) *HK$'000*
Basic salaries and allowances	**1,043**	1,070
Bonuses	**–**	–
	1,043	1,070

(b) Period end balances arising from expenses paid on behalf

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
Amount due from Mosel Vitelic Inc. ("**MVI**"), a related company	**3**	3

The amount due from MVI, a related company is unsecured, interest-free and repayable on demand.

RESULTS

During the six months ended 30 June 2017, the Group achieved a revenue of approximately HK$11.5 million, representing an increase of approximately 52.5% as compared to the corresponding period last year. The loss attributable to owners of the Company was approximately HK$1.5 million, as compared to approximately HK$9.4 million in the corresponding period last year.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (2016: Nil).

BUSINESS REVIEW

Design and distribution of integrated circuit and semi-conductor parts

For the six months ended 30 June 2017, our operation in Shanghai recorded a revenue of approximately HK$11.5 million, an increase of approximately 52.5% as compared to the corresponding period last year. The gross profit margin of our operation in Shanghai was approximately 57% (2016: approximately 60%). For the period under review, the operation in Shanghai recorded a net profit of approximately HK$2,351,000, a significant increase of approximately 417% as compared to the corresponding period last year (2016: approximately HK$454,000). The increase in revenue and net profit was mainly due to the management's continued effort on improving the competitiveness of the products, which resulted in an increase in sales orders from customers. The Group continues to focus on strengthening our existing products and to develop new products.

Investment holding

As at 30 June 2017, the Group held 430,027 ChipMOS Technologies Inc. ("**ChipMOS Taiwan**") American depositary shares ("**ChipMOS Taiwan ADS**"), which is listed on the NASDAQ Global Select Market (ticker symbol "IMOS"). ChipMOS Taiwan was incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange as "8150" and is a leading provider of semi-conductor testing and assembly services to customers in Taiwan, Japan and the United States of America.

There was no disposal of ChipMOS Taiwan ADS during the period under review.

As at 30 June 2017, the quoted market price of ChipMOS Taiwan ADS was approximately US$19.77 per ADS, as compared to approximately US$14.11 per ADS as at 31 December 2016. A fair value gain of approximately HK$18.9 million was credited to investment reserve due to mark-to-market valuation of such ChipMOS Taiwan ADS held for the period under review.

The quoted market price of ChipMOS Taiwan ADS as at 3 August 2017 was approximately US$19.05 per ADS.

Future plans and prospects

Facing economic uncertainties and cost inflation, the Group will continue with its prudent business approach. We will continue to enhance our existing business in the design and trading of integrated circuit products in China. In addition, we will continue to do our best to deploy our strengths and capabilities and to diversify and increase our top-line growth with the aim of improving the Group's value in order to benefit our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Company had no fund raising activities.

As at 30 June 2017, the cash and cash equivalents of the Group amounted to approximately HK$90.4 million as compared to approximately HK$81.7 million as at 31 December 2016, which included short-term deposits of approximately HK$31.4 million (31 December 2016: approximately HK$76.0 million).

For the six months ended 30 June 2017, the Group recorded a net cash inflow of approximately HK$8.4 million (six months ended 30 June 2016: net cash outflow of approximately HK$3.5 million).

As at 30 June 2017, the Group had no outstanding bank loan and no financing cost was incurred for the six months ended 30 June 2017 (2016: Nil).

GEARING RATIO

The gearing ratio of the Group, defined as total liabilities expressed as a percentage of the total equity and liabilities, was approximately 1.3% as at 30 June 2017 (31 December 2016: 1.7%). The Group did not have any debt financing during the period under review, and no finance cost was incurred. As at 30 June 2017, the total liabilities of the Group were approximately HK$2.3 million (31 December 2016: approximately HK$2.6 million).

FOREIGN CURRENCY EXPOSURE

The Group's results were mainly exposed to exchange fluctuations of Renminbi as the Group had operations in the PRC.

For the period under review, a net exchange loss of approximately HK$22,000 (six months ended 30 June 2016: net gain of approximately HK$122,000) was recognised in the condensed consolidated interim income statement. Exchange differences, arising upon translation of PRC operations, amounted to approximately HK$394,000 was credited to the exchange reserve (2016: debit of approximately HK$246,000).

CAPITAL STRUCTURE

As at 30 June 2017, the Group had no bank borrowings (31 December 2016: Nil). As at 30 June 2017, the shareholders' fund amounted to approximately HK$171.0 million (31 December 2016: approximately HK$153.2 million).

INVESTMENTS AND CAPITAL ASSETS

The Group acquired property, plant and equipment of approximately HK$206,000 for the six months ended 30 June 2017 (2016: approximately HK$312,000).

As at 30 June 2017, the Group held 430,027 ChipMOS Taiwan ADS and its quoted market price was US$19.77 per ADS. On 3 August 2017, the quoted market price of ChipMOS Taiwan ADS was US$19.05 per ADS.

As at 30 June 2017, the Group also held shares of a Hong Kong listed company amounted to approximately HK$0.8 million (31 December 2016: approximately HK$0.7 million).

CHARGE ON ASSETS

As at 30 June 2017, the Group had no charges on the Group's assets.

SEGMENT INFORMATION

For the period under review, the Hong Kong and PRC segments contributed mainly to the Group's business operation. Due to slow economic growth in China, the operating environment remained challenging. Despite the difficult business climate, our operation in Shanghai recorded a steady respectable revenue growth of approximately 52.5% as compared to the same period last year. The gross profit margin of our operation in Shanghai was approximately 57% (2016: approximately 60%).

HUMAN RESOURCES

As at 30 June 2017, the Group had 28 employees.

The remuneration packages of employees are reviewed annually with reference to market level and individual staff performance. The Group's remuneration packages include basic salaries, bonus, contributions to provident fund and medical benefits.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2017.

SUBSEQUENT EVENT

On 10 July 2017, the Company and Glory Genius International Holdings Limited (the "**Offeror**") jointly published an announcement (the "**Joint Announcement**") disclosing, inter alia, a voluntary conditional cash offer (the "**Offer**") by Kingston Securities Limited for and on behalf of the Offeror to acquire all the issued shares in the Company at the offer price of HK$1.80 per share.

It is the intention of the Offeror to continue with the Group's existing principal businesses after the close of the Offer and will maintain the listing status of the Company on The Stock Exchange of Hong Kong Limited.

Upon the close of the Offer, the Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company.

As at the date of this announcement, the Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (save for the proposed changes to the composition of the Board) or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group. The subsequent changes in the composition of the Board shall be effective from the earliest time permitted under The Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcements will be made as and when appropriate.

For more details, please refer to the Joint Announcement.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

SUFFICIENCY OF PUBLIC FLOAT

On 19 May 2015, the Company published an announcement disclosing, inter alia, receipt by the Company an application (the "**Application**") from Texan Management Limited ("**Texan**") for the issue of 4 replacement share certificates for the share certificates numbered 91064, 91065, 90986 and 90987 in respect of the 36,024,000 shares (representing 10.7% of the entire issued shares) in the Company (the "**Subject Shares**"). Since then, the Company published announcements dated 19 May 2015, 20 May 2015, 9 July 2015, 24 July 2015, 27 August 2015, 7 October 2015, 3 November 2015, 3 December 2015, 11 January 2016, 2 February 2016, 17 March 2016, 19 April 2016, 30 June 2016, 29 July 2016 and 16 November 2016 (the "**Status Update Announcement**") to update the development of the Application from time to time. As said in the Status Update Announcement, the statutory and/or necessary requirements and procedures for issue of 4 replacement share certificates (the "**New Share Certificates**") for the share certificates numbered 91064, 91065, 90986 and 90987 in respect of the Subject Shares to Texan under the Application commenced on 17 March 2016 and as at 31 December 2016, are yet to be completed and thus the New Share Certificates are yet to be issued to Texan (details of which please refer to the announcement of the Company published on 16 November 2016).

On 10 July 2017, the Company and the Offeror jointly published the Joint Announcement disclosing, inter alia, the Offer and update on the status of public float of the Company. As said in the Joint Announcement, Texan intends to recover the Subject Shares and to tender the Subject Shares in acceptance of the Offer under the irrevocable undertaking given by Pacific Electric Wire & Cable Co., Ltd. in favour of the Offeror.

The Board wishes to remind the shareholders of the Company (the "**Shareholders**") that in the absence of the Offer, upon recovery of the Subject Shares by Texan, the Subject Shares would not qualify as part of "public float" under the Listing Rules and thus less than 25% of the issued share capital of the Company would be held in public hands. The Shareholders and potential investors should note that the Offer (and the undertaking by the Offeror to restore public float upon completion of the Offer) is a mechanism under the Listing Rules to restore the public float of the Company, so that the current trading suspension of the Shares could be uplifted.

Pursuant to Rule 8.08(1)(a) of the Listing Rules, upon completion of the Offer, the Offeror will place down or sell down the Shares for the restoration of the minimum public float of 25%. Further announcement will be made by the Company regarding the restoration of public float and resumption of trading in the Shares as soon as possible.

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 had reviewed with management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2017.

CORPORATE GOVERNANCE PRACTICES

During the period under review, the Company has applied the principles as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and complied with the code provisions contained therein except for the following deviation:

Code Provision A.4.1

This code provision 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 at least once every three years 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. Every Director should be subject to retirement by rotation at least once every three years.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate the Directors' securities transactions. The Company had made specific enquiry of all Directors regarding any non-compliance with the Model Code for the period under review, and they all confirmed their respective full compliance with the required standard set out in the Model Code.

By order of the Board
PacRay International Holdings Limited
Cheng Chow-Chun
Chairman

Hong Kong, 4 August 2017

As at the date of this announcement, the Board comprises seven Directors. The executive Directors are Mr. Cheng Chow-Chun, Mr. Lee Chao-Chun, Mr. Sun Tao-Heng and Mr. Yuan Chun-Tang, and the independent non-executive Directors are Mr. Suen Sai Wah Simon, Mr. Li Kwan In, and Mr. Wang Chiang-Ming.