

# Chairman's Statement

## RESULTS

I am pleased to report the results of PacMOS Technologies Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31st December 2005.

For the year under review, the Group registered a turnover (including discontinued operation) of approximately HK\$148.7 million, as compared to that of last year of approximately HK\$164.0 million. The loss attributable to shareholders was approximately HK\$26.7 million (2004: HK\$91.4 million).

## DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31st December 2005.

## BUSINESS REVIEW

### Design and distribution of integrated circuit and semi-conductor parts

The sales of this segment have been relatively stable for the year under review as compared to the strong recovery in 2004. The turnover of this segment, which contributes most of the turnover of the Group, amounted to approximately HK\$148.0 million for the year under review, as compared to approximately HK\$160.1 million for the year ended 31st December 2004.

Due to limited production capacities of foundries, there was a sharp increase in wafer costs at the beginning of the year. The costs of wafer returned to normal from the second quarter onwards. As a result, this segment achieved a segment result of approximately HK\$27.0 million for the current year as compared to that of last year of approximately HK\$37.1 million. The segment result as a percentage of the segment turnover was approximately 18.3% for the current year as compared to approximately 23.2% for the year ended 31st December 2004.

### Investments holding

As at 31st December 2005, the Group held approximately 3.9 million shares of ChipMOS Technologies (Bermuda) Limited ("ChipMOS"), a company listed in the NASDAQ. ChipMOS is a leading provider of semi-conductor testing and assembly services to customers in Taiwan, Japan and the United States.

As at 31st December 2005, the quoted market price of ChipMOS was US\$5.80 per share as compared to US\$6.37 per share as at 31st December 2004. As a result, an unrealised loss of approximately HK\$17.3 million was recorded by the Group due to mark to market valuation of the shares for the year under review.

During the year, the Group sold 120,000 shares of ChipMOS in the NASDAQ market with an average price of approximately US\$6.4 per share.

### Property rental

The investment property situated at 18 Lee Chung Street, Chai Wan, Hong Kong was sold to a third party in March 2005 at a cash consideration of HK\$51.7 million, representing a disposal loss of approximately HK\$0.3 million.

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## FUTURE PLANS AND PROSPECTS

The Group will continue to focus on its main business in design and distribution of integrated circuit and semi-conductor parts, with emphasis in the Greater China region. Reported market forecasts generally expect a moderate single digit growth in the semi-conductor industry. Though greater market competitions are in expectation, we believe that, with efforts of the management and our staff, we are able to meet the coming challenges to our business.

## APPRECIATION

I would like to take this opportunity to thank our employees for their efforts taken in the past year and our shareholders for the continued support to our Group.

On behalf of the Board

**Yip Chi Hung**

*Chairman*

Hong Kong, 19th April 2006