PacMOS Technologies Holdings Limited

(Stock Code : 1010)

PacMOS

2009 Interim Report

CORPORATE INFORMATION

Board of Directors

Executive Directors

Yip Chi Hung *(Chairman)*
Chen Che Yuan *(Chief Executive Officer)*

Independent Non-executive Directors

Wong Chi Keung
Cheng Hok Ming, Albert
Ma Kwai Yuen

Board Committees

Audit Committee

Wong Chi Keung *(chairman)*
Cheng Hok Ming, Albert
Ma Kwai Yuen

Remuneration Committee

Wong Chi Keung *(chairman)*
Cheng Hok Ming, Albert
Ma Kwai Yuen
Yip Chi Hung

Nomination Committee

Wong Chi Keung *(chairman)*
Cheng Hok Ming, Albert
Ma Kwai Yuen
Yip Chi Hung

Company Secretary

Chung Che Ling

Website

http://pacmos.etnet.com.hk

Auditor

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Office in Hong Kong

27th Floor, Cambridge House
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Principal Share Registrar

Butterfield Fulcrum Group (Bermuda) Limited
(change of name)
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Hong Kong Share Registrar

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong & Shanghai Banking
Corporation Limited

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
ASSETS			
Non-current assets			
Plant and equipment	*9*	**2,249**	2,558
Intangible assets	*9*	**127**	212
Long-term deposits		**1,624**	738
Total non-current assets		**4,000**	3,508
Current assets			
Inventories		**15,290**	17,304
Trade receivables	*10*	**8,771**	10,645
Deposits, prepayment and other receivables		**3,361**	4,154
Financial assets at fair value through profit or loss	*11*	**22,689**	9,905
Restricted cash		**244**	246
Cash and bank balances	*12*	**88,380**	94,644
Total current assets		**138,735**	136,898
Total assets		**142,735**	140,406
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*13*	**134,922**	134,922
Reserves		**(43,870)**	(50,444)
Shareholders' funds		**91,052**	84,478
Minority interests		**35,134**	36,638
Total equity		**126,186**	121,116
LIABILITIES			
Current liabilities			
Trade payables	*14*	**6,748**	8,563
Other payables and accruals		**6,173**	7,073
Amount due to a related company	*15*	**3,628**	3,654
Total current liabilities		**16,549**	19,290
Total liabilities		**16,549**	19,290
Total equity and liabilities		**142,735**	140,406
Net current assets		**122,186**	117,608
Total assets less current liabilities		**126,186**	121,116

The notes on pages 7 to 18 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited Six months ended 30 June	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**30,248**	45,691
Cost of sales		**(21,928)**	(35,117)
Gross profit		**8,320**	10,574
Distribution costs		**(2,104)**	(1,791)
General and administrative expenses		**(14,045)**	(14,563)
Other income		**807**	603
Other gains/(losses) — net	*3, 5*	**12,326**	(27,339)
Operating profit/(loss)	*4*	**5,304**	(32,516)
Finance income		**454**	900
Profit/(loss) before income tax		**5,758**	(31,616)
Income tax credit	*6*	**—**	1,321
Profit/(loss) for the period		**5,758**	(30,295)
Attributable to:			
Equity holders of the Company		**6,933**	(29,184)
Minority interest		**(1,175)**	(1,111)
		5,758	(30,295)
Earnings/(loss) per share (basic and diluted)	*7*	**2.06 cents**	(8.67 cents)
Dividends	*8*	**—**	—

The notes on pages 7 to 18 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Profit/(loss) for the period		**5,758**	(30,295)
Other comprehensive income			
Currency translation differences		**(688)**	5,934
Total comprehensive income for the period		**5,070**	(24,361)
Total comprehensive income attributable to:			
Equity holders of the Company		**6,574**	(25,704)
Minority interest		**(1,504)**	1,343
		5,070	(24,361)

The notes on pages 7 to 18 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital	Share premium	Exchange reserve	Employee share-based compensation reserve	Other statutory reserve	Retained earnings	Total	Minority interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2008	33,659	101,263	2,505	2,269	2,551	54,616	196,863	40,754	237,617
Loss for the period	–	–	–	–	–	(29,184)	(29,184)	(1,111)	(30,295)
Currency translation differences	–	–	3,480	–	–	–	3,480	2,454	5,934
Total comprehensive income for the period ended 30 June 2008	–	–	3,480	–	–	(29,184)	(25,704)	1,343	(24,361)
Transfer to statutory reserve of a Taiwan subsidiary	–	–	–	–	331	(331)	–	–	–
Dividend to minority shareholders of a subsidiary	–	–	–	–	–	–	–	(2,095)	(2,095)
Employee share-based compensation scheme	–	–	–	276	–	–	276	–	276
Balance at 30 June 2008	33,659	101,263	5,985	2,545	2,882	25,101	171,435	40,002	211,437
Balance at 1 January 2009	33,659	101,263	2,628	2,889	2,882	(58,843)	84,478	36,638	121,116
Profit/(loss) for the period	–	–	–	–	–	6,933	6,933	(1,175)	5,758
Currency translation differences	–	–	(359)	–	–	–	(359)	(329)	(688)
Total comprehensive income for the period ended 30 June 2009	–	–	(359)	–	–	6,933	6,574	(1,504)	5,070
Balance at 30 June 2009	33,659	101,263	2,269	2,889	2,882	(51,910)	91,052	35,134	126,186

The notes on pages 7 to 18 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
		(Note 2)
Cash (outflow)/inflow from operating activities		
Cash (used in)/generated from operations	**(5,469)**	2,027
Overseas taxes refund	**—**	1,175
Net cash (used in)/generated from operating activities	**(5,469)**	3,202
Cash flows from investing activities		
Increase in term deposits with original maturities over three months	**(1,130)**	(36,575)
Purchase of plant and equipment	**(164)**	(56)
Purchase of financial assets at fair value through profit or loss	**(383)**	(1,429)
Interest received	**454**	900
Net cash used in investing activities	**(1,223)**	(37,160)
Cash flows from financing activities		
Dividend paid to minority shareholders of a subsidiary	**—**	(2,095)
Net cash used in financing activities	**—**	(2,095)
Net decrease in cash and cash equivalents	**(6,692)**	(36,053)
Cash and cash equivalents at 1 January	**39,744**	89,724
Exchange (losses)/gains	**(702)**	5,852
Cash and cash equivalents at 30 June	**32,350**	59,523

The notes on pages 7 to 18 form an integral part of this condensed consolidated interim financial information.

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, distribution and trading of integrated circuits and semi-conductor parts in Taiwan and the People's Republic of China (the "PRC"), and investment 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, Quarry Bay, Hong Kong.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 23 September 2009.

2. Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2009 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 of Hong Kong Limited. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual report of the Group for the year ended 31 December 2008, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. This unaudited condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

The following amendment to standard has been issued, but is not effective of the financial year beginning 1 January 2009 and has been early adopted:

- Amendment to HKFRS 8 "Operating segments", effective for periods beginning on or after 1 January 2010. Disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant to the Group.

- HKAS 23 (amendment), "Borrowing costs"
- HKFRS 2 (amendment), "Share-based payment"
- HKFRS 7 (amendment), "Financial instruments: disclosures"
- HKAS 32 (amendment), "Financial instruments: presentation"
- HK(IFRIC) 9 (amendment), "Reassessment of embedded derivatives" and HKAS 39 (amendment), "Financial instruments: Recognition and measurement"
- HK(IFRIC) 13, "Customer loyalty programmes"
- HK(IFRIC) 15, "Agreements for the construction of real estate"
- HK(IFRIC) 16, "Hedges of a net investment in a foreign operation"
- HKAS 39 (amendment), "Financial instruments: Recognition and measurement"

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- Amendment to HKAS 39, "Financial instruments: Recognition and measurement" on eligible hedged items, effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it does not have any hedged items.

- 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. The Group does not have any associates nor joint ventures.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) to all business combinations from 1 January 2010.

- HK(IFRIC) 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group as it has not made any non-cash distributions.

- HK(IFRIC) 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not currently applicable to the Group as it has not received any assets from customers.

HKICPA's improvements to HKFRS published in May 2009:

- Amendment to HKFRS 2 "Share-based payments", effective for periods beginning on or after 1 July 2009. This clarification confirms that HKFRS 3 (revised) does not change the scope of HKFRS 2. This is not currently relevant for the Group as it has not issued equity instruments for business combination under common control or for the formation of a joint venture.

- Amendment to HKFRS 5 "Non-current Assets held for sale and discontinued operations", effective for periods beginning on or after 1 January 2010. Disclosures in standards other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs specifically require disclosures for them. Additional disclosures about these assets or discontinued operations may be necessary to comply with the general requirements of HKAS 1 "Presentation of financial statements". This is not relevant to the Group as it does not have non-current assets held for sale and discontinued operations.

- Amendment to HKAS 1 "Presentation of financial statements", effective for periods beginning on or after 1 January 2010. Current/non-current classification of the liability component of convertible instruments is not affected by the holder's option which will result in the settlement by the issuance of equity instruments. This is not currently relevant to the Group as it does not have convertible instruments.

- Amendment to HKAS 7 "Statement of cash flows", effective for periods beginning on or after 1 January 2010. Only expenditures that result in a recognised asset are eligible for classification as investing activities. The Group will apply HKAS 7 (amendment) from 1 January 2010.

- Amendment to HKAS 17 "Leases", effective for periods beginning on or after 1 January 2010. The amendment removes the specific guidance on the classification of long-term leases of land as operating leases. When classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on adoption of the amendment on the basis of information existing at inception of the leases. The Group will apply HKAS 17 (amendment) from 1 January 2010.

- Amendment to HKAS 36 "Impairment of assets", effective for periods beginning on or after 1 January 2010. This clarifies that the largest unit permitted for the goodwill impairment test is the lowest level of operating segment before any aggregation as defined in HKFRS 8. The amendment does not have any impact on the Group's financial statements.

- Amendment to HKAS 38 "Intangible assets", effective for periods beginning on or after 1 July 2009. This clarifies the description of the valuation techniques commonly used to measure intangible assets acquired in a business combination when they are not traded in an active market. In addition, an intangible asset acquired in a business combination might be separable but only together with a related contract, identifiable asset or liability. In such cases, the intangible asset is recognised separately from goodwill but together with the related item. The amendment does not have any impact on the Group's financial statements.

- Amendment to HKAS 39 "Financial instruments: recognition and measurement", effective for periods beginning on or after 1 January 2010. Loan prepayment penalties are treated as closely related embedded derivatives, only if the penalties are payments that compensate the lender for loss of interest by reducing the economic loss from reinvestment risk. In addition, the scope exemption to business combination contracts only applies to forward contracts that are firmly committed to be completed between the acquirer and a selling shareholder to buy or sell an acquiree in a business combination at a future acquisition date. Therefore option contracts are not in this scope exemption. This amendment also clarifies that in a cash flow hedge of a forecast transaction that a reclassification of the gains or losses on the hedged item from equity to profit or loss is made during the period the hedged forecast cash flows affect profit or loss. The amendment does not have any impact on the Group's financial statements.

- Amendment to HK(IFRIC) 9 "Reassessment of embedded derivatives", effective for periods beginning on or after 1 July 2009. This amendment aligns the scope of HK (IFRIC) 9 to the scope of HKFRS 3(revised): the interpretation does not apply to embedded derivatives in contracts acquired in a business combination, a common control combination or the formation of a joint venture. This amendment does not have any impact on the Group's financial statements.

- Amendment to HK(IFRIC) 16 "Hedges of a net investment in a foreign operation", effective for periods beginning on or after 1 July 2009. This amendment removes the restriction on the entity that can hold hedging instruments in a net investment hedge. The hedging instruments can be held by the foreign operation that it is being hedged. This is not currently relevant for the Group as it does not have such hedge.

Certain reclassifications have been made to the prior period condensed consolidated interim financial information to conform to the current period's presentation.

3. **Segment information**

The Group is principally engaged in the design, distribution and trading of integrated circuits and semi-conductor parts in Taiwan and the People's Republic of China ("PRC"), and investment holding.

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

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

(ii) design and sales of micro-controller units used in wide range of electronic products conducted through the subsidiary in Taiwan; and

(iii) design and sales of integrated circuits in calipers used in industrial and household measuring tools conducted through the subsidiary in the PRC.

These operating segments are the basis on which the Group reports its primary segment information to the chief operating decision maker who is the Chairman of the board.

The chief operating decision maker assesses the performance of the operating segments based on a measure of revenue, operating profit and net profit.

	Six months ended 30 June 2009			
	Hong Kong	**Taiwan**	**PRC**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenues	**—**	**26,963**	**3,285**	**30,248**
Operating profit/(loss)	**9,258**	**(3,042)**	**(912)**	**5,304**
Profit/(loss) for the period	**9,260**	**(2,612)**	**(890)**	**5,758**
Other gains/(loss) — net, included in operating profit/(loss)	**12,401**	**(72)**	**(3)**	**12,326**
Capital expenditures	**158**	**6**	**—**	**164**
	As at 30 June 2009			
Assets	**41,044**	**90,644**	**11,047**	**142,735**
Liabilities	**(921)**	**(9,678)**	**(5,950)**	**(16,549)**

	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	(29,047)	(3,240)	(229)	(32,516)
Loss for the period	(29,004)	(1,100)	(191)	(30,295)
Other gains/(losses) — net, included in operating loss	(26,341)	(1,029)	31	(27,339)
Capital expenditures	—	—	56	56
	As at 31 December 2008			
Assets	32,605	96,161	11,640	140,406
Liabilities	(1,741)	(11,854)	(5,695)	(19,290)

For the six months ended 30 June 2009, revenues of approximately HK$13,189,000 (for the six months ended 30 June 2008: HK$20,596,000) are derived from a single external customer. These revenues are attributable to the Taiwan segment.

4. Expenses by nature

Expenses included in cost of sales, distribution costs and general and administrative expenses are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Amortisation of intangible assets	**83**	213
Depreciation of plant and equipment	**464**	481
Operating lease rentals in respect of land and building	**2,492**	2,356
Reversal for impairment of trade receivables	**—**	(16)
Research and development costs	**395**	830
Marketing costs	**574**	742
Employee benefit expenses (including directors' emoluments)	**10,341**	9,925
Cost of inventories sold	**20,955**	33,890
Others	**2,773**	3,050
Total cost of sales, distribution costs and administrative expenses	**38,077**	51,471

5. Other gains/(losses) — net

Other gains recognised during the period are as follows:

	Unaudited Six months ended 30 June 2009 HK$'000	2008 HK$'000
Financial assets at fair value through profit or loss:		
— unrealised fair value gains/(losses)	**12,401**	(26,340)
Exchange losses — net	**(75)**	(999)
Total other gains/(losses) — net	**12,326**	(27,339)

6. Income tax credit

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 2008: 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. No income tax has been provided in the six months ended 30 June 2009.

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

	Unaudited Six months ended 30 June 2009 HK$'000	2008 HK$'000
Current income tax		
— Overseas tax	**—**	(1,321)
	—	(1,321)

7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit for the period attributable to equity holders of the Company of approximately HK$6,933,000 (2008: loss of HK$29,184,000) and 336,587,142 shares (2008: 336,587,142 shares) in issue during the period. Details of basic earnings/(loss) per share are analysed as follows:

	Unaudited Six months ended 30 June	
	2009	2008
	HK cents	*HK cents*
Basic earnings/(loss) per share	**2.06**	(8.67)

The Company has no share option schemes. The Company's subsidiary has employee share options outstanding as at 30 June 2009 and 31 December 2008. The employee share options of this subsidiary outstanding as at 30 June 2009 and 31 December 2008 did not have a dilutive effect on earnings/(loss) per share.

8. Dividends

The directors do not recommend the payment of a dividend (six months ended 30 June 2008: Nil).

9. Plant and equipment and intangible assets

	Plant and equipment	Intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*
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
Opening net book amount as at 1 January 2009	2,558	212	2,770
Additions	164	—	164
Depreciation and amortisation	(464)	(83)	(547)
Currency translation differences	(9)	(2)	(11)
Closing net book amount as at 30 June 2009	2,249	127	2,376

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 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
Current	**8,760**	10,023
1 to 30 days	**11**	622
	8,771	10,645
Less: Provision for impairment of receivables	**—**	—
	8,771	10,645

11. Financial assets at fair value through profit or loss

	Unaudited 30 June 2009 *HK$'000*	Audited 31 December 2008 *HK$'000*
Listed equity securities in		
— United States of America	**18,124**	6,293
— Hong Kong	**4,565**	3,612
Market value of listed securities	**22,689**	9,905

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

The fair value of all equity securities is based on their bid prices in an active market as at 30 June 2009.

12. Cash and bank balances

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Cash at bank	**27,956**	18,470
Term deposits with original maturities three months or less	**4,230**	21,140
Cash on hand	**164**	134
Cash and cash equivalents	**32,350**	39,744
Term deposits with original maturities over three months	**56,030**	54,900
Cash and bank balances	**88,380**	94,644

13. Share capital

	Number of share (thousands)	Ordinary shares HK$'000	Share premium HK$'000	Total share capital HK$'000
At 31 December 2008 and 30 June 2009	336,587	33,659	101,263	134,922

The total authorised number of ordinary shares is 500 million shares (31 December 2008: 500 million shares) with a par value of HK$0.1 per share (31 December 2008: HK$0.1 per share). All issued shares are fully paid.

14. Trade payables

At 30 June 2009, the aging analysis of the trade payables is as follows:

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Current	**6,748**	8,563

15. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

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

		Unaudited Six months ended 30 June	
		2009	2008
	Note	***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)*	**193**	163
Expenses paid/payable to Mosel Vitelic Inc. ("MVI")			
Rental expenses	*(ii)*	**36**	38
Design service fees	*(iii)*	**13**	286
Other service fees	*(iii)*	**34**	—
		83	324

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

(ii) During the six months ended 30 June 2009, the rental expenses payable to MVI were charged by reference to open market rental as appraised by an independent valuer for comparable premises.

(iii) The design service fees and other service fees payable to MVI were at a price mutually agreed between the parties.

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

	Unaudited 30 June 2009 ***HK$'000***	Audited 31 December 2008 *HK$'000*
Due to		
MVI	**3,628**	3,654

Balance with a related company was unsecured, interest-free and repayable on demand. The carrying amount of amount due to a related company approximates its fair value.

(c) Key management compensation:

	Unaudited Six months ended 30 June	
	2009 ***HK$'000***	2008 *HK$'000*
Salaries, allowances and benefits in kind (including share based compensation)	**379**	398
Bonus	**95**	151
Retirement benefit costs	**—**	8
	474	557

16. Commitments

At 30 June 2009, the total future minimum lease payments payable under non-cancellable operating leases were as follows:

	Unaudited 30 June 2009 ***HK$'000***	Audited 31 December 2008 *HK$'000*
Total future minimum lease payments payable:		
— Not later than 1 year	**2,638**	4,063
— Later than 1 year and not later than 5 years	**1,826**	3,655
	4,464	7,718

RESULTS

During the six months ended 30 June 2009, the Group recorded a turnover of approximately HK$30.2 million, representing a decline of approximately 34% as compared to the six months ended 30 June 2008. The profit attributable to shareholders was approximately HK$6.9 million, as compared to a loss of approximately HK$29.2 million for the six months ended 30 June 2008.

DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2009.

BUSINESS REVIEW

Design and distribution of integrated circuit and semi-conductor parts

As a result of global market decline and keen competition within the industry, the revenue of our operations in Taiwan and Shanghai dropped to approximately HK$30.2 million for the current period under review. Although there was a decline in revenue, the gross profit margins could still be maintained at approximately 24% for our operation in Taiwan and approximately 57% for our operation in Shanghai. For the six months ended 30 June 2009, the operating loss of our operations in Taiwan and Shanghai was approximately HK$4.0 million.

Investment holding

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. The Group did not purchase or sell any ChipMOS shares for the period under review.

The quoted market price of ChipMOS was approximately US$0.72 per share as at 30 June 2009. An unrealised gain of approximately HK$11.8 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 22 September 2009 was approximately US$0.79.

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. Despite the economic downturn, we continue to invest in research and development on new products and improving quality of our existing products. Recently there have been signs of recovery from the global recession, and we hope that market demand will gradually improve.

LIQUIDITY AND FINANCIAL RESOURCES

The total cash and bank balances of the Group was approximately HK$88.4 million (31 December 2008: approximately HK$94.6 million).

For the six months ended 30 June 2009, the net cash outflow of the Group amounted to approximately HK$6.7 million (2008: inflow of approximately HK$ 36.1 million).

As at 30 June 2009, the Group had no outstanding bank loans and no financing cost was incurred for the six months ended 30 June 2009.

GEARING RATIO

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

As at 30 June 2009, the gearing ratio of the Group, defined as total liabilities expressed as a percentage of total assets, was approximately 11.6% (31 December 2008: approximately 13.7%).

FOREIGN CURRENCY EXPOSURE

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

For the period under review, a net exchange loss of approximately HK$0.1 million (2008: loss of approximately HK$1.0 million) was recognized in the condensed consolidated income statement. Exchange differences, arising upon translation of overseas operations, amounted to approximately HK$0.4 million was debited to the exchange reserve (2008: credited to approximately HK$3.5 million).

CAPITAL STRUCTURE

No new capital was raised for the six months ended 30 June 2009. The profit attributable to equity holders for the period under review of approximately HK$6.9 million was transferred to reserves. As at 30 June 2009, the shareholders' fund was approximately HK$91.1 million (31 December 2008: approximately HK$84.5 million).

INVESTMENTS AND CAPITAL ASSETS

There was no significant addition to plant and equipment for the period under review.

As at 30 June 2009, the Group held shares of ChipMOS with mark to market value of approximately HK$18.1 million (31 December 2008: approximately HK$6.3 million). In addition, the Group held some Hong Kong listed companies with mark to market value of approximately HK$4.6 million as at 30 June 2009 (31 December 2008: approximately HK$3.6 million). For the period under review, the Group purchased approximately HK$0.4 million Hong Kong listed shares, while there was no purchase or sale of shares of ChipMOS.

CHARGE ON ASSETS

As at 30 June 2009, the Group had restricted banks deposits of approximately HK$0.2 million, for the purpose of securing payment of value added tax as required by Taiwan Tax Bureau.

SEGMENTAL INFORMATION

For the six months ended 30 June 2009, the operation in Taiwan contributed approximately 89% (2008: approximately 89%) of the revenue of the Group, while the remaining approximately 11% (2008: approximately 11%) was contributed by the operation in Shanghai. The revenue of our operations in Taiwan and in Shanghai dropped to approximately HK$27.0 million and approximately HK$3.3 million respectively. The operation in Taiwan reported an operating loss of approximately HK$3.0 million (2008: approximately HK$3.2 million), while the operation in Shanghai reported an operating loss of approximately HK$0.9 million (2008: approximately HK$0.2 million) and the operation in Hong Kong reported an operating profit of approximately HK$9.3 million (2008: an operating loss of approximately HK$29.0 million).

HUMAN RESOURCES

As at 30 June 2009, the number of staff of the Group was approximately 92.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2009.

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 2009.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, none of the directors nor the chief executives 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 (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES 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 2009, 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 *(note (1))*	145,610,000	43.3%
Vision2000 Venture Ltd. ("Vision2000") *(note (2))*	106,043,142	31.5%

Notes:

(1) Texan Management Limited ("Texan") had notified the Company, as of 27 June 1997, it was interested in 145,610,000 Shares, representing approximately 43.3% 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 successful 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.

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 21 March 2006, 18 April 2006, 25 January 2008, 20 October 2008, 5 March 2009 and 25 August 2009.

(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.

SHARE OPTIONS

On 29 November 2006, an ordinary resolution was passed at a special general meeting of the Company regarding the approval of the adoption of share option scheme (the "Scheme") by a non wholly owned subsidiary, 新茂國際科技股份有限公司 ("SyncMOS Taiwan"). 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 2009 which have been granted under the Scheme are as follows:

Grantee	Date of Grant	Exercise price *HK$*	Exercise period	At 1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2009
Employees	1 December 2006	2.44	1 December 2007 to 31 December 2009	1,260,000	–	–	–	1,260,000
	1 December 2006	2.44	1 December 2008 to 31 December 2009	1,260,000	–	–	–	1,260,000

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the changes in the information of directors required to be disclosed are as follows:

Mr Wong Chi Keung, Independent Non-executive Director, resigned as an independent non-executive director of Great Wall Motor Company Limited, a company listed on the Stock Exchange, with effect from 6 June 2009.

Mr Ma Kwai Yuen, Independent Non-executive Director, resigned as an independent non-executive director of Vision Tech International Holdings Limited, a company listed on the Stock Exchange, with effect from 10 June 2009.

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 2009.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "Code") of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules for the accounting period covered by the 2009 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 2009.

On behalf of the Board
Yip Chi Hung
Chairman

Hong Kong, 23 September 2009