



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1010)

# Interim Report 2017



## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors

Mr. Liew Fui Kiang (*Chairman*) <sup>Note 1</sup>  
 Mr. Leung Pok Man <sup>Note 1</sup>  
 Ms. Lau Mei Ying <sup>Note 1</sup>  
 Mr. Cheng Chow-Chun (*Chairman*) <sup>Note 2</sup>  
 Mr. Lee Chao-Chun  
 (*Chief Executive Officer*) <sup>Note 2</sup>  
 Mr. Sun Tao-Heng <sup>Note 2</sup>  
 Mr. Yuan Chun-Tang <sup>Note 2</sup>

#### Independent Non-executive Directors

Ms. Chow Chui Ying <sup>Note 1</sup>  
 Mr. Zhou Danqing <sup>Note 1</sup>  
 Dr. Yang Yung-Ming <sup>Note 1</sup>  
 Mr. Li Kwan In <sup>Note 2</sup>  
 Mr. Suen Sai Wah Simon <sup>Note 2</sup>  
 Mr. Wang Chiang-Ming <sup>Note 2</sup>

### Board Committees

#### Audit Committee

Ms. Chow Chui Ying (*Chairman*) <sup>Note 1</sup>  
 Mr. Zhou Danqing <sup>Note 1</sup>  
 Dr. Yang Yung-Ming <sup>Note 1</sup>  
 Mr. Suen Sai Wah Simon (*Chairman*) <sup>Note 2</sup>  
 Mr. Li Kwan In <sup>Note 2</sup>  
 Mr. Wang Chiang-Ming <sup>Note 2</sup>

#### Remuneration Committee

Mr. Zhou Danqing (*Chairman*) <sup>Note 1</sup>  
 Ms. Chow Chui Ying <sup>Note 1</sup>  
 Mr. Suen Sai Wah Simon (*Chairman*) <sup>Note 2</sup>  
 Mr. Wang Chiang-Ming <sup>Note 2</sup>

#### Nomination Committee

Mr. Zhou Danqing (*Chairman*) <sup>Note 1</sup>  
 Ms. Chow Chui Ying <sup>Note 1</sup>  
 Mr. Suen Sai Wah Simon (*Chairman*) <sup>Note 2</sup>  
 Mr. Wang Chiang-Ming <sup>Note 2</sup>

### Company Secretary

Ms. Wong Po Ling, Pauline (*ACIS, ACS*) <sup>Note 1</sup>  
 Ms. Yuen Wing Yan, Winnie (*FCIS, FCS*) <sup>Note 2</sup>

### Stock Code

1010

Notes:

1. Appointed on 31 August 2017.
2. Resigned on 31 August 2017.

### Website

<http://pacray.com.hk>

### Auditors

PricewaterhouseCoopers  
 Certified Public Accountants

### Legal Advisor

Michael Li & Co.

### Principal Bankers

The Hongkong & Shanghai Banking  
 Corporation Limited  
 Dah Sing Bank, Limited  
 China Construction Bank (Asia)  
 Corporation Limited

### Registered Office

Canon's Court  
 22 Victoria Street  
 Hamilton HM12  
 Bermuda

### Principal Place of Business in Hong Kong

Unit 902, Unicorn Trade Centre  
 127-131 Des Voeux Road Central  
 Hong Kong

### Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited  
 The Belvedere Building  
 69 Pitts Bay Road  
 Pembroke HM08  
 Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited  
 Level 22, Hopewell Centre  
 183 Queen's Road East, Hong Kong

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

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

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

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

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	12	2,283	2,288
Intangible assets		–	–
Deferred income tax assets		426	412
Available-for-sale financial assets	13	65,930	47,055
Long-term deposits		357	177
		<b>68,996</b>	49,932
<b>Current assets</b>			
Inventories		5,303	4,282
Trade and bills receivables	14	3,194	3,991
Deposits, prepayments and other receivables		4,619	15,124
Amount due from a related party	20(b)	3	3
Financial assets at fair value through profit or loss	15	838	718
Current income tax recoverable		–	51
Cash and cash equivalents	16	90,414	81,726
		<b>104,371</b>	105,895
<b>Total assets</b>		<b>173,367</b>	155,827
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	134,922	134,922
Other reserves		10,595	(8,674)
Retained earnings		25,528	26,981
<b>Total equity</b>		<b>171,045</b>	153,229

	<i>Note</i>	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	18	14	105
Other payables and accruals		2,185	2,493
Income tax payable		123	–
<b>Total liabilities</b>		<b>2,322</b>	2,598
<b>Total equity and liabilities</b>		<b>173,367</b>	155,827

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

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

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net cash from/(used in) operating activities	8,270	(3,362)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(206)	(312)
Interests received	308	191
Dividends received	19	19
Net cash from/(used in) 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
Effect of foreign exchange rate charges, net	297	(257)
Cash and cash equivalents at 30 June	90,414	84,070



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

PacRay International Holdings Limited (the “Company”), is a limited liability company incorporated in Bermuda and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the design and distribution of integrated circuits and semi-conductor parts in the People’s Republic of China (the “PRC”) and investments holding.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial information 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 information 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 condensed consolidated interim financial information 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 information have not been audited by the Company’s independent auditors, but have been reviewed and commented on by the Company’s audit committee.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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.

## 3. ESTIMATES

The preparation of the condensed consolidated interim financial information 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 information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

## 4. FINANCIAL RISK MANAGEMENT

### 4.1 Financial risk factors

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

The condensed consolidated interim financial information 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.

### 4.2 Liquidity risk

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

## 4. FINANCIAL RISK MANAGEMENT (Continued)

### 4.3 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 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Available-for-sale financial assets	65,930	–	–	65,930
Financial assets at fair value through profit or loss	838	–	–	838
	<b>66,768</b>	–	–	<b>66,768</b>

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

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

## 4. FINANCIAL RISK MANAGEMENT (Continued)

### 4.3 Fair value estimation (Continued)

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.

## 5. SEGMENT INFORMATION

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

## 5. SEGMENT INFORMATION (Continued)

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
<b>Six months ended 30 June 2017</b>			
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 gains/(losses), net included in operating profit	112	(14)	98
Capital expenditures	–	206	206
<b>At 30 June 2017</b>			
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
<b>Six months ended 30 June 2016</b>			
Revenues 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
<b>At 30 June 2016</b>			
Segment assets	149,133	11,983	161,116
Segment liabilities	2,123	1,155	3,278

## 6. OTHER INCOME

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

## 7. OTHER GAINS/(LOSSES), NET

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

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) 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)

## 8. LOSS BEFORE TAX

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Loss before tax is arrived at after charging:		
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
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
Employee benefit expenses (including Directors' remuneration):		
Salaries, wages and other benefits	3,429	3,272
Bonuses and welfare fund	587	567
Pension costs-defined contribution plan	19	18
	<b>4,035</b>	<b>3,857</b>

## 9. INCOME TAX EXPENSES

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 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current income tax — overseas tax	187	82

## 10. 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 (Unaudited) HK\$'000	2016 (Unaudited) 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.

## 11. DIVIDENDS

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



## 12. 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

## 13. 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 amount represented equity shares listed in the United States of America that are carried at fair values which are the quoted prices in an active market at the end of the reporting period.

## 14. TRADE AND BILLS RECEIVABLES

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Trade receivables	2,135	2,285
Bills receivables	1,059	1,706
Less: allowance for impairment of receivables	–	–
	<b>3,194</b>	3,991

The Group's credit terms to trade debtors range from 60 to 90 days. The carrying values of trade receivables approximated their fair values as at 30 June 2017 (31 December 2016: same).

As at 30 June 2017, the aging analysis of trade receivables based on invoice date is as follows:

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
1–30 days	715	383
31–90 days	1,376	1,755
Over 90 days	44	147
	<b>2,135</b>	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:

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

**15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

The amount represented equity shares listed in Hong Kong that are carried at fair values which are the quoted prices in an active market at the end of the reporting period.

**16. CASH AND CASH EQUIVALENTS**

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

**17. SHARE CAPITAL**

	<b>Number of shares (Thousands)</b>	<b>Ordinary shares HK\$'000</b>	<b>Share premium HK\$'000</b>	<b>Total share capital HK\$'000</b>
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.

## 18. TRADE PAYABLES

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
0–30 days	<b>14</b>	105

The carrying amounts of trade payables approximated their fair values as at 30 June 2017 (31 December 2016: same).

## 19. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments for office premises under non-cancellable operating leases are as follows:

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

The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

## 20. 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:

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

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	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.

## 21. EVENTS AFTER THE REPORTING PERIOD

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

On 10 August 2017, the composite document and response document (the "Composite Document") in connection with the Offer have been jointly issued by the Offeror and the Company and despatched to the independent shareholders in accordance with The Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). On the same day, the Company and the Offeror jointly issued another announcement disclosing all the conditions as set up in the Composite Document had been satisfied or waived and the Offer was declared unconditional in all respects. Details of the Offer have been disclosed in the announcement of the Company dated 10 August 2017.

On 31 August 2017, the Company and the Offeror have further issued a joint announcement (the "Close of the Offer Announcement") relating to, among others, the Offer was closed on 31 August 2017. Details of the Offer have been disclosed in the announcement of the Company dated 31 August 2017.

On 7 September 2017, the Company was informed by Glory Genius, the controlling shareholder of the Company, that in order to assist the Company to restore the public float, Glory Genius had entered into a placement agreement with a third party securities firm for the placing of 73,240,000 shares held by Glory Genius at a placing price of HK\$1.80 per share, on a best effort basis to places who are third parties independent of and not connected nor acting in concert with the Company or its connected persons. Details of the announcement have been disclosed in the announcement of the Company dated 7 September 2017.

## 22. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This condensed consolidated interim financial information was approved and authorised for issue by the board of directors.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 continuous effort on improving the competitiveness of the products, which resulted in increases 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.

Furthermore, with reference to the announcement of the Company dated 10 July 2017, 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 upon the close of the Offer. 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 disclosed in note 21 of the Group interim report, the Offer was closed on 31 August 2017.

## FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group achieved revenue of HK\$11.5 million, representing an increase of approximately 52.5% which was principally contributed by increase of sales orders from customers from the Group's design and distribution of integrated circuit and semi-conductor parts business operations. Loss attributable to owners of the Company for the six months ended 30 June 2017 is HK\$1.5 million, as compared to HK\$9.4 million in the corresponding period of last year. The reduction of loss, similar to increase in revenue, was mainly attributable to increase in sales orders from customers during the period. Basic loss per share attributable to owners of the Company is HK0.43 cents, as compared to loss per share of HK2.78 cents in the corresponding period of last year.

### Revenue

Revenue of the Group increase by approximately HK\$4.0 million. Increase in revenue was mainly due to the management's continuous effort on improving the competitiveness of the products, which resulted increases in sales orders from customers.

### Cost of Sales

Cost of sales for the six months ended 30 June 2017 comprised of inventories sold of HK\$5 million (2016: HK\$3.0 million). Increase to the amount coincide with the Group's increase in sales orders during the period.



## General and administrative expenses

General and administrative expenses remained flat as compared to last year. Items comprised of general and administrative expenses mainly include employee benefit expenses of HK\$4.0 million (2016: HK\$3.9 million), rental expenses of HK\$0.8 million (2016: HK\$0.8 million) and legal and professional fees of HK\$1.0 million (2016: HK\$1.2 million).

## Other income

Other income mainly comprised of interest income and dividend income received by the Company during the period. Increase in other income was mainly due to the increase in interest income received from the Company's term deposits during the period.

## Other gains/(losses), net

Other gains/(losses), net for the six months ended 30 June 2017 mainly represents the unrealized fair gains HK\$0.2 million (2016: losses of HK\$6.2 million) on financial assets at fair value through profit or loss, net off by exchange losses of HK\$0.1 million (2016: gains of HK\$0.1 million) during the period.

## 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 (31 December 2016: Nil).

## 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%).

## Contingent liabilities

No material contingent liabilities of the Group were noted as at 30 June 2017 (31 December 2016: Nil).

## HUMAN RESOURCES

As at 30 June 2017, the Group had 28 employees (31 December 2016: 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.

## EVENTS AFTER REPORTING PERIOD

On 10 July 2017, the Company and Glory Genius International Holdings Limited (the "Offeror") jointly published an 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.

On 10 August 2017, the composite document and response document (the "Composite Document") in connection with the Offer have been jointly issued by the Offeror and the Company and despatched to the independent shareholders in accordance with The Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). On the same day, the Company and the Offeror jointly issued another announcement disclosing all the conditions as set out in the Composite Document had been satisfied or waived and the Offer was declared unconditional in all respects.

On 31 August 2017, the Company and the Offeror have further issued jointly an announcement (the "Close of Offer Announcement") relating to, among others, the Offer was closed on 31 August 2017.

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 (the "Stock Exchange").

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.

Upon the close of the Offer, the composition of the Board have been changed with effect from 7:00 p.m. on 31 August 2017. Please refer to "DISCLOSURE OF CHANGES OF INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES" in this report for details.

As at the date of this report, 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.

For more details of the Offer, please refer to the joint announcements dated 10 July 2017 and 10 August 2017, the Composite Document dated 10 August 2017 and the Close of Offer Announcement dated 31 August 2017.

## **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.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2017, 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 and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, the interests and short positions in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO) of the substantial shareholders (other than the Directors and the chief executive of the Company) as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange, were as set out below:

Name of shareholders (Note 4)	Capacity	Number of ordinary shares/Percentage of total issued shares as at 30 June 2017 (Note 1)							
		Long positions	%	Short positions	%	Lending pool	%	Note	
Full Global International Limited	Beneficial owner	145,609,999	43.3%	-	-	-	-	(2)	
Pacific Electric Wire & Cable Co., Ltd.	Interest of controlled corporation	145,609,999	43.3%	-	-	-	-	(2)	
Vision2000 Venture Ltd.	Beneficial owner	106,043,142	31.5%	-	-	-	-	(3)	
Mosel Vitelic Inc.	Interest of controlled corporation	106,043,142	31.5%	-	-	-	-	(3)	

*Notes:*

- (1) Based on 336,587,142 ordinary shares of the Company in issue as at 30 June 2017.
- (2) The 145,609,999 shares relate to the same batch of shares of the Company. According to the form of disclosure of interests submitted by Full Global International Limited on 31 May 2012, Full Global International Limited is the controlled corporation of Pacific Electric Wire & Cable Co., Ltd. and accordingly, Pacific Electric Wire & Cable Co., Ltd. is deemed to be interested in the 145,609,999 shares of the Company held by Full Global International Limited.
- (3) The 106,043,142 shares relate to the same batch of shares of the Company. According to the form of disclosure of interests submitted by Mosel Vitelic Inc. on 27 June 1997, Vision2000 Venture Ltd. is the controlled corporation of Mosel Vitelic Inc. and accordingly, Mosel Vitelic Inc. is deemed to be interested in the 106,043,142 shares of the Company held by Vision2000 Venture Ltd.
- (4) The Board is given to understand that based on available records, an individual named Ms. Hsieh Hsiu Chen appears to have been interested in a total of 18,806,000 Shares, representing approximately 5.59% of the total issued Shares. The Company, however, has no record of any notification for this interest in such Shares under Section 336 of the SFO.

Save for those disclosed above, as at 30 June 2017, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## 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 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.

### **Voluntary conditional cash offer**

On 31 August 2017, the Offer was closed and was not revised or extended. As at 4:00 p.m. on 31 August 2017, the Offeror had received valid acceptances in respect of a total of 219,632,770 Offer shares (including the acceptances by Texan in respect of Texan Shares), representing approximately 65.25% of the entire issued share capital of the Company as at the date of the Close of Offer Announcement. Taking into account the valid acceptances in respect of a total of 219,632,770 Offer shares, subject to the due registration by the Company's Hong Kong branch share registrar (the "Registrar") of the transfer of the Offer shares in respect of which valid acceptances were received, the Offeror and the Concert Parties (as defined in the Composite Document dated 10 August 2017) would hold an aggregate of 219,632,770 shares, representing approximately 65.25% of the entire issued share capital of the Company as at the Close of Offer Announcement.

Immediately after the close of the Offer, subject to the due registration by the Registrar of the transfer of the Offer shares in respect of which valid acceptances were received, 10,911,230 shares, representing approximately 3.24% of the entire issued share capital of the Company, are held by the public (within the meaning of the Listing Rules).

### **Disposal of shares by the controlling shareholder**

On 7 September 2017, the Company was informed by Glory Genius, the controlling shareholder of the Company who is interested in 219,632,770 Shares (representing approximately 65.25% of the entire issued share capital of the Company) in order to assist the Company to restore the public float, Glory Genius had entered into a placing agreement (the "Placing Agreement") with Kingston Securities Limited (the "Placing Agent") for the placing of 73,240,000 Shares (the "Placing Shares") held by Glory Genius at a placing price of HK\$1.80 per Placing Share (the "Placing"), on a best effort basis to placees who are third parties independent of and not connected nor acting in concert with the Company or any of its connected persons (as defined under the Listing Rules) (the "Placees"). The 73,240,000 Placing Shares represent approximately 21.76% of the issued share capital of the Company as at the date of this report.

The placing period shall commence upon the execution of the Placing Agreement and ending on the Business Day immediately prior to placing completion date (i.e. 9 October 2017), being a date on or before 6 October 2017 (or such other date as Glory Genius and the Placing Agent shall agree).

As at the date of this announcement, Glory Genius and Vision2000 Venture Ltd. held approximately 65.25% and 31.51% of the issued share capital of the Company, respectively. There were 10,911,230 Shares (representing approximately 3.24% of the entire issued share capital of the Company) held in the hands of the public. Immediately upon the completion of the Placing (assuming all the Placing Shares are placed), a total of 84,151,230 Shares, representing approximately 25.00% of the issued share capital of the Company, will be held in the hands of the public and accordingly the public float of the Company will be restored. It is expected that completion of the Placing will take place on or before 9 October 2017 (or at such later date as Glory Genius and the Placing Agent shall agree in writing). (Further details of the Placing are set out in the Company's announcement dated 7 September 2017)



## DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

During the period under review and up to the date of this report, the changes in the information of the Directors and Chief executives of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules were as follows:

- (i) Mr. Liew Fui Kiang has been appointed as an executive Director and the chairman of the Company with effect from 7:00 p.m. on 31 August 2017;
- (ii) Mr. Leung Pok Man has been appointed as an executive Director of the Company and the authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 7:00 p.m. on 31 August 2017;
- (iii) Ms. Lau Mei Ying has been appointed as an executive Director of the Company and the authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 7:00 p.m. on 31 August 2017;
- (iv) Ms. Chow Chui Ying has been appointed as an independent non-executive Director of the Company with effect from 7:00 p.m. on 31 August 2017;
- (v) Ms. Zhou Danqing has been appointed as an independent non-executive Director of the Company with effect from 7:00 p.m. on 31 August 2017;
- (vi) Dr. Yang Yung-Ming has been appointed as an independent non-executive Director of the Company with effect from 7:00 p.m. on 31 August 2017;
- (vii) Ms. Chu Yung-Yi has been appointed as the chief executive officer of the Company with effect from 7:00 p.m. on 31 August 2017;
- (viii) Ms. Wong Po Ling, Pauline has been appointed as the company secretary of the Company and authorised representative under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) of the Company with effect from 7:00 p.m. on 31 August 2017.
- (ix) Mr. Cheng Chow-Chun has resigned as an executive Director, the chairman of the Company and the authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 7:00 p.m. on 31 August 2017;

- (x) Mr. Lee Chao-Chun has resigned as an executive Director, the chief executive officer of the Company and the authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 7:00 p.m. on 31 August 2017;
- (xi) Mr. Sun Tao-Heng has resigned as an executive Director with effect from 7:00 p.m. on 31 August 2017;
- (xii) Mr. Yuan Chun-Tang has resigned as an executive Director with effect from 7:00 p.m. on 31 August 2017;
- (xiii) Mr. Suen Sai Wah Simon has resigned as an independent non-executive Director and chairman and members of the audit committee, remuneration committee and nomination committee of the Company with effect from 7:00 p.m. on 31 August 2017;
- (xiv) Mr. Li Kwan In has resigned as an independent non-executive Director and a member of the audit committee of the Company with effect from 7:00 p.m. on 31 August 2017;
- (xv) Mr. Wang Chiang-Ming has resigned as an independent non-executive Director and members of the audit committee, remuneration committee and nomination committee of the Company with effect from 7:00 p.m. on 31 August 2017; and
- (xvi) Ms. Yuen Wing Yan, Winnie has resigned as the company secretary of the Company and authorised representative under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) of the Company with effect from 7:00 p.m. on 31 August 2017.

## 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.

On behalf of the Board  
**PacRay International Holdings Limited**  
**Liew Fui Kiang**  
*Chairman*