

CHIPMOS TECHNOLOGIES BERMUDA LTD
Form 20-F
May 10, 2006
Table of Contents

As filed with the Securities and Exchange Commission on May 10, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number 0 31106

ChipMOS TECHNOLOGIES (Bermuda) LTD.

(Exact Name of Registrant as Specified in Its Charter)

Bermuda

(Jurisdiction of Incorporation or Organization)

11F, No. 3, Lane 91, Dongmei Road

Hsinchu, Taiwan

Republic of China

(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Shares

Common Shares, par value US\$0.01 each

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2005, 67,761,636 Common Shares, par value US\$0.01 each were outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or (15)(d) of the Securities Exchange Act of 1934. Yes No

Edgar Filing: CHIPMOS TECHNOLOGIES BERMUDA LTD - Form 20-F

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Table of Contents

TABLE OF CONTENTS

ChipMOS TECHNOLOGIES (Bermuda) LTD.

	Page
<u>CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995</u>	1
<u>PART I</u>	
Item 1. <u>Identity of Directors, Senior Management and Advisers</u>	2
Item 2. <u>Offer Statistics and Expected Timetable</u>	2
Item 3. <u>Key Information</u>	2
Item 4. <u>Information on the Company</u>	25
Item 4A. <u>Unresolved Staff Comments</u>	52
Item 5. <u>Operating and Financial Review and Prospects</u>	53
Item 6. <u>Directors, Senior Management and Employees</u>	76
Item 7. <u>Major Shareholders and Related Party Transactions</u>	85
Item 8. <u>Financial Information</u>	91
Item 9. <u>The Offer and Listing</u>	92
Item 10. <u>Additional Information</u>	92
Item 11. <u>Quantitative and Qualitative Disclosure about Market Risk</u>	102
Item 12. <u>Description of Securities Other Than Equity Securities</u>	102
<u>PART II</u>	
Item 13. <u>Defaults, Dividend Arrearages and Delinquencies</u>	103
Item 14. <u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	103
Item 15. <u>Controls and Procedures</u>	103
Item 16A. <u>Audit Committee Financial Expert</u>	103
Item 16B. <u>Code of Ethics</u>	103
Item 16C. <u>Principal Accountant Fees and Services</u>	103
Item 16D. <u>Exemptions from the Listing Standards for Audit Committees</u>	104
Item 16E. <u>Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	104
<u>PART III</u>	
Item 17. <u>Financial Statements</u>	105
Item 18. <u>Financial Statements</u>	105
Item 19. <u>Exhibits</u>	105

Table of Contents

CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for historical matters, the matters discussed in this annual report are forward-looking statements that are subject to significant risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as the words believe, expect, intend, anticipate, estimate, plan, project, may, will or other similar words that express an indication of actions or results of actions that may or are expected to occur in the future. These statements appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this annual report. Important factors that could cause those differences include, but are not limited to:

the volatility of the semiconductor industry and the market for end-user applications for semiconductor products;

overcapacity in the semiconductor testing and assembly markets;

the increased competition from other companies and our ability to retain and increase our market share;

our ability to successfully develop new technologies and remain a technological leader;

our ability to maintain control over capacity expansion and facility modifications;

our ability to generate growth or profitable growth;

our ability to hire and retain qualified personnel;

our ability to acquire required equipment and supplies to meet customer demand;

our ability to raise capital as required to meet certain existing obligations;

the pending criminal indictment of our Chairman and Chief Executive Officer;

our reliance on certain major customers;

the implementation of the assembly and testing services agreements between Spansion LLC and us;

our major customers' willingness to purchase our services or to provide the minimum agreed compensation as provided under any long-term agreement with us, if applicable;

the political stability of our local region; and

general local and global economic conditions.

Forward-looking statements include, but are not limited to, statements regarding our strategy and future plans, future business condition and financial results, our capital expenditure plans, our capacity expansion plans, our expansion plans in Mainland China, technological upgrades, investment in research and development, future market demand, future regulatory or other developments in our industry. Please see Item 3. Key Information Risk Factors for a further discussion of certain factors that may cause actual results to differ materially from those indicated by our forward-looking statements.

Table of Contents**PART I****Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information**Selected Financial Data**

The following tables set forth our selected consolidated financial data. The selected consolidated balance sheet data as of December 31, 2004 and 2005 and our consolidated statement of operations and cash flows data for 2003, 2004 and 2005 are derived from our audited consolidated financial statements included herein, and should be read in conjunction with, and are qualified in their entirety by reference to, these audited consolidated financial statements and related notes beginning on page F-1 of this annual report. These audited consolidated financial statements have been audited by Moore Stephens. The selected consolidated balance sheet data as of December 31, 2001, 2002 and 2003 and the consolidated statement of operations and cash flows data for the years ended December 31, 2001 and 2002 are derived from our audited consolidated financial statements not included herein. Our consolidated financial statements have been prepared and presented in accordance with ROC GAAP, which differs in some material respects from US GAAP. Please see Note 27 to our audited consolidated financial statements for a description of the principal differences between ROC GAAP and US GAAP for the periods covered by these financial statements. The financial data set forth below have been presented as if (1) we had been in existence since July 28, 1997, and (2) we acquired our interest in ChipMOS Taiwan on July 28, 1997.

	Year ended December 31,					
	2001 NT\$	2002 NT\$	2003 NT\$	2004 NT\$	2005 NT\$	2005 US\$
(in millions, except per share data)						
Consolidated Statement of Operations Data:						
ROC GAAP:						
Net revenue:						
Related parties ⁽¹⁾	\$ 3,719.0	\$ 3,665.4	\$ 5,072.9	\$ 4,844.4	\$ 4,603.5	\$ 140.4
Others	1,526.1	2,860.5	3,953.6	10,191.4	10,610.5	323.5
Total net revenue	5,245.1	6,525.9	9,026.5	15,035.8	15,214.0	463.9
Cost of revenue	6,029.3	6,711.7	7,459.5	10,857.5	11,262.6	343.4
Gross profit (loss)	(784.2)	(185.8)	1,567.0	4,178.3	3,951.4	120.5
Operating expenses:						
Research and development	408.9	326.8	295.0	296.4	274.4	8.4
Sales and marketing	34.7	37.3	65.4	308.5	232.9	7.1
General and administrative	248.0	310.2	439.9	673.3	793.3	24.2
Total operating expenses	691.6	674.3	800.3	1,278.2	1,300.6	39.7
Income (loss) from operations	(1,475.8)	(860.1)	766.7	2,900.1	2,650.8	80.8
Other expenses, net	(77.2)	(397.6)	(77.1)	(395.8)	(506.5)	(15.4)
Income (loss) before income tax and minority interests and interest in bonuses paid by subsidiaries⁽²⁾	(1,553.0)	(1,257.7)	689.6	2,504.3	2,144.3	65.4
Income tax benefit (expense)	(32.4)	(97.9)	29.0	141.8	(112.0)	(3.4)

Edgar Filing: CHIPMOS TECHNOLOGIES BERMUDA LTD - Form 20-F

Income (loss) before minority interests and interest in bonuses paid by subsidiaries ⁽²⁾	(1,585.4)	(1,355.6)	718.6	2,646.1	2,032.3	62.0
Minority interests	450.5	385.3	(256.9)	(997.9)	(977.0)	(29.8)
Interest in bonuses paid by subsidiaries ⁽²⁾					(127.1)	(3.9)
Pre-acquisition earnings ⁽³⁾			20.7	27.7		
Net income (loss)	\$ (1,134.9)	\$ (970.3)	\$ 482.4	\$ 1,675.9	\$ 928.2	\$ 28.3
Earning (loss) per share:						
Basic	\$ (19.45)	\$ (16.49)	\$ 8.19	\$ 26.54	\$ 13.74	\$ 0.42
Diluted	\$ (19.45)	\$ (16.49)	\$ 8.12	\$ 26.38	\$ 11.82	\$ 0.36
Weighted-average number of shares outstanding:						
Basic	58.3	58.8	58.9	63.1	67.5	67.5
Diluted	58.3	58.8	59.4	63.5	82.6	82.6

Table of Contents

	Year ended December 31,					
	2001	2002	2003	2004	2005	2005
	NT\$	NT\$	NT\$	NT\$	NT\$	US\$
US GAAP:(4)						
Net income (loss)	\$ (993.5)	\$ (913.4)	\$ 485.3	\$ 1,665.5	\$ 805.4	\$ 24.6
Earning (loss) per share:						
Basic	\$ (17.03)	\$ (15.52)	\$ 8.24	\$ 26.38	\$ 11.92	\$ 0.36
Diluted	\$ (17.03)	\$ (15.52)	\$ 8.17	\$ 26.22	\$ 11.21	\$ 0.34
Weighted-average number of shares outstanding:						
Basic	58.3	58.8	58.9	63.1	67.5	67.5
Diluted	58.3	58.8	59.4	63.5	82.6	82.6

- (1) Related parties include Mosel Vitelic Inc., or Mosel, Siliconware Precision Industries Co. Ltd., or Siliconware Precision, PlusMOS Technologies Inc., or PlusMOS, Ultima Electronics Corp., or Ultima, ProMOS Technologies Inc., or ProMOS, ThaiLin Semiconductor Corp., or ThaiLin, CHANTEK ELECTRONIC CO., LTD., or Chantek, Best Home Corp. Ltd., or Best Home, DenMOS Technology Inc., or DenMOS, Sun-Fund Securities Ltd., or Sun-Fund, Advanced Micro Chip Technology Co., Ltd., or AMCT, Jesper Limited, Prudent Holdings Group Ltd. and Mou-Fu Investment Ltd. See Note 20 of the notes to the consolidated financial statements. Effective April 1, 2004, PlusMOS was merged into Chantek with Chantek as the surviving entity. See Item 4. Information on the Company Our Structure and History CHANTEK ELECTRONIC CO., LTD. AMCT was liquidated in October 2004. See Item 4. Information on the Company Our Structure and History Advanced Micro Chip Technology Co., Ltd. On November 21, 2005, Chantek was merged into ChipMOS Taiwan, with ChipMOS Taiwan as the surviving company. See Item 4. Information on the Company Our Structure and History ChipMOS TECHNOLOGIES INC. On December 1, 2005, ChipMOS Logic was merged into ThaiLin, with ThaiLin as the surviving entity. See Item 4. Information of the Company Our Structure and History ThaiLin Semiconductor Corp.
- (2) Refers to bonuses to directors, supervisors and employees paid by subsidiaries.
- (3) For 2003, represents our share of pre-acquisition profits of ThaiLin prior to December 1, 2003, the date when we began to consolidate the accounts of ThaiLin. For 2004, represents our share of pre-acquisition profits of Chantek prior to April 1, 2004, the date when we began to consolidate the accounts of Chantek, the surviving entity after the merger of Chantek and PlusMOS.
- (4) Reflects the US GAAP adjustments as described in Note 27 of the notes to the consolidated financial statements.

		As of December 31,			
2001	2002	2003	2004	2005	2005
NT\$	NT\$	NT\$			