



QFN, QFP

I hereby present to shareholders the annual reports of the Group for the year ended 30th April, 2003.

Results for the year

For the year ended 30th April, 2003 the Group recorded a turnover of HK\$419 million, representing an 48% increase from HK\$284 million reported last year. The Group's consolidated net

loss narrowed to HK\$478 million (2002: HK\$523 million), of which approximately 64% (2002: 63%) was attributable to the share of net losses of the Group's associate, ASAT Holdings Limited ("ASAT"), which share amounted to HK\$308 million (2002: HK\$331 million). Basic loss per share was reduced to HK\$0.86 (2002: HK\$1.01). Basic additional loss per share, after excluding certain non-recurring items, was similarly reduced to HK\$0.39 (2002: HK\$0.69). The directors do not recommend the payment of a final dividend for the year (2002: Nil).

Performance Review

Global semiconductor industry sales have remained flat since the beginning of 2002 until the first quarter of 2003, which period corresponds to the Group's financial year under review. However, the Company has made significant progress with a 48% increase in turnover, reflecting the Company's leading position in the niche market for advanced leadframe supplies, being a key component in the upstream semiconductor manufacturing sector.

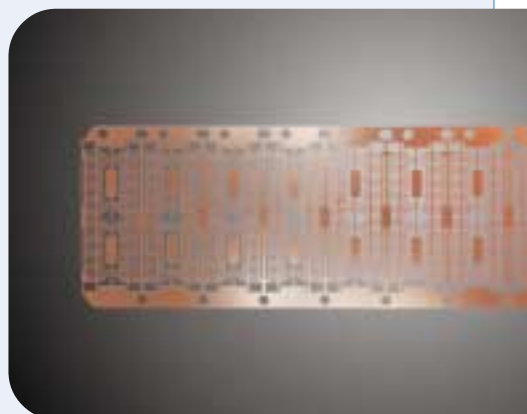
本人謹此向股東提呈本集團截至二零零三年四月三十日止年度之年報。

年度業績

截至二零零三年四月三十日止年度，本集團錄得之營業額為419,000,000港元，較去年之284,000,000港元上升48%。本集團之綜合虧損淨額收窄至478,000,000港元（二零零二年：523,000,000港元），其中約64%（二零零二年：63%）乃分佔本集團之聯營公司ASAT Holdings Limited（「樂依文」）之虧損淨額308,000,000港元（二零零二年：331,000,000港元）所致。每股基本虧損減少至0.86港元（二零零二年：1.01港元）。未計若干非經常項目，額外每股基本虧損亦同樣減少至0.39港元（二零零二年：0.69港元）。董事不建議派發本年度之末期股息（二零零二年：無）。

業務回顧

自二零零二年初起至二零零三年第一季為止，即在本集團之財政回顧年度期間，全球半導體行業之銷售一直呆滯，惟本公司之營業額取得顯著表現，錄得48%之增長，反映本公司於半導體製造業上游之元件供應上，即先進引線框供應市場上具領導地位。



SO Series

Performance Review (Continued)

During the year the etching operations, which are the Company's major production process, completed the move from the old Hong Kong facility to the brand new facility in Dongguan, PRC which is not far from the Company's stamping and mould and die facility in Shenzhen, PRC. Both facilities are within an hour's drive of each other and to the Hong Kong main office. The Dongguan facility is bigger than its original Hong Kong counterpart by more than double, allowing room for further expansion with pre-connected state-of-the-art enabling facilities including Class 1000 clean rooms, waste water treatment plant and DI water generation plant. Furthermore, it was awarded both the QS9000 and ISO9001 certifications within a year of operations commencing, a record time for new plants in China, demonstrating the success of the Total Quality Management ("TQM") carried out in our China plants. The new facility is now achieving production yields significantly higher than the levels seen in the old Hong Kong facility immediately prior to the move of operations, while reducing production cycle times and overtime concurrently.

As a result of the above improvements, the Company has achieved positive operating cash flows by the end of the financial year under review and is now making significant progress towards a return to our target level of profitability in the current year.

Total Quality Management ("TQM")

To stay ahead of our competition, TQM is vital. TQM not only requires the quality management of the production machinery and enabling facilities, but more importantly on the quality of the workforce who operate the plants.

業務回顧 (續)

年內，本公司之主要生產工序即蝕刻業務已由香港之舊廠房遷移至中國東莞之新廠房。新廠房與本公司位於中國深圳之壓模及模具廠房相隔不遠，往

返兩間廠房以及前往香港主要辦事處之車程亦不超過一小時。東莞廠房之面積比原有香港廠房大一倍以上，並已具備預先連接功能之先進設備(包括1000級無塵室、污水處理場及純水製造場)以利拓展業務。此外，於開始營運初年，該廠房已榮獲QS9000及ISO9001品質認證，創下國內新廠房獲發該等認證之紀錄，反映國內廠房實施全面品質管理(TQM)取得成功。目前，新廠房之產量遠超於遷移廠房前香港舊廠房之生產水平，並減低生產週期時間及超時工作。

鑑於上述種種改善，本公司之經營現金流量已於財政回顧年度結束前錄得正數，而本公司將繼續加大力度，務求於本年度回復目標水平之盈利能力。

全面品質管理(TQM)

TQM對於在競爭中保持領先地位極為重要，不僅限於對生產機器與配套設備之品質管理，而更重要是廠房營運之員工質素。



TBGA Stiffener

Total Quality Management ("TQM") (Continued)

At the same time, the Company successfully brought about a real improvement in living and working conditions which has been well received by all staff, resulting in measurable and sustainable improvements in terms of production efficiency and yields, self-initiative and team-work spirit. Accordingly, the Company is now in the position to attract/retain quality workers without difficulty and is capable of responding to the changes in market demands both quickly and efficiently.

Major Associate — ASAT

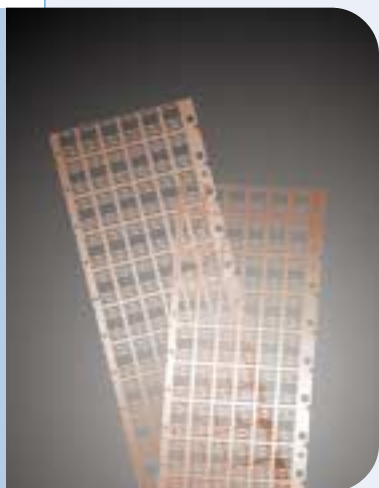
In tandem with the Company recording a 48% increase in turnover, ASAT also registered an increase in net revenue of 47%, from US\$102.4 million (approximately HK\$799 million) to US\$150.1 million (approximately HK\$1,171 million), for fiscal year ended 30th April, 2003, with a net loss of US\$99.1 million (approximately HK\$773 million) on its accounts prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as compared to a net loss of US\$102.8 million (approximately HK\$802 million) for the previous fiscal year ended 30th April, 2002.

全面品質管理(「TQM」)(續)

與此同時，本公司將員工之生活及工作條件作出實質的改善，此舉廣為全體員工所接納，使生產效率及產量、員工的主動性及團隊精神等方面均得見重大而持續之改善。因此，本公司現可輕易吸引及挽留優秀員工，俾能迅速及有效地因應市場需求而作出應變。

主要聯營公司 — 樂依文

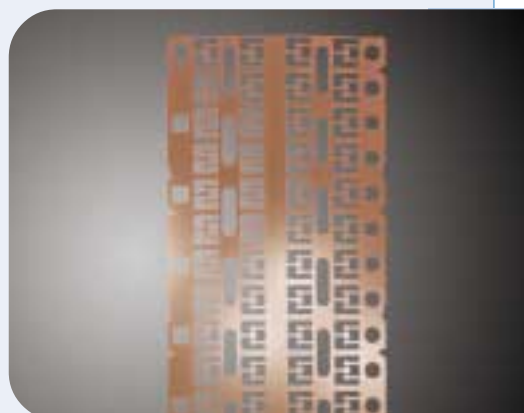
隨著本公司之營業額錄得48%增長，樂依文於截至二零零三年四月三十日止財政年度之營業淨額亦錄得47%之增長，由102,400,000美元(約799,000,000港元)增加至150,100,000美元(約1,171,000,000港元)。根據美國普遍採納之會計準則(「美國會計準則」)所編製之賬目，其虧損淨額則為99,100,000美元(約773,000,000港元)，而截至二零零二年四月三十日止之對上一個財政年度則錄得102,800,000美元(約802,000,000港元)之虧損淨額。



SO Matrix

Major Associate — ASAT (Continued)

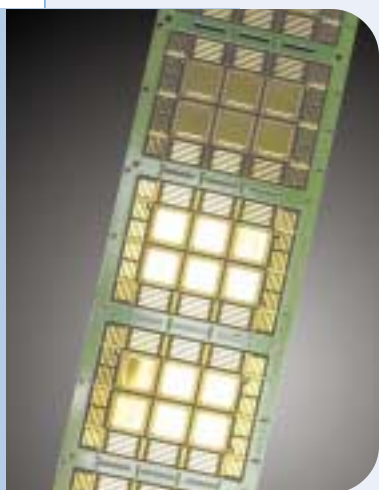
During the fiscal year 2003, ASAT significantly lowered its costs, expanded its technology portfolio and implemented a new business strategy. Positive EBITDA was recorded throughout each of the fiscal quarters, totalling US\$13.4 million (approximately HK\$105 million) for the year ended 30th April, 2003, as compared with an EBITDA loss of US\$23.6 million (approximately HK\$184 million) in fiscal year 2002. In ASAT, EBITDA is defined as loss from operations plus depreciation, specific charges and inventory write-down, which is considered specific and non-recurring in nature. Specific charges included reorganisation charges for severance payment incurred in the cost reduction program, non-recoverable and unutilized architectural costs in China, investment written off in relations to ASAT S.A. and impairment of property, plant and equipment. Pro forma net loss for fiscal year 2003, after excluding non-cash charges for fixed assets and inventories write-off/impairment and one-time severance payments, was substantially reduced to US\$13.6 million (approximately HK\$106 million), as compared to the pro forma net loss of US\$63.5 million (approximately HK\$495 million) for fiscal year 2002.



SOT

主要聯營公司 — 樂依文 (續)

於二零零三年之財政年度，樂依文已大幅減低成本、擴大科技組合及實施新業務策略。於截至二零零三年四月三十日止年度，其除利息、稅項、折舊及攤銷前盈利於各財政季度均錄得盈餘，合共達13,400,000美元（約105,000,000港元），於二零零二年之財政年度，則錄得23,600,000美元（約184,000,000港元）之除利息、稅項、折舊及攤銷前虧損。於樂依文方面，除利息、稅項、折舊及攤銷前盈利乃指營運虧損加折舊、專項支出及存貨撇銷（其性質被視作專項及非經常性）。專項支出包括因削減成本計劃所涉及之改組費用下之遣散費、中國境內之未能收回及未使用之建築成本、撇銷有關ASAT S.A.之投資，以及物業、機器及設備之減值。二零零三年財政年度未計非現金開支之固定資產及存貨撇銷／減值及一次性遣散費，其備考虧損淨額已大幅減少至13,600,000美元（約106,000,000港元），而二零零二年財政年度之備考虧損淨額則為63,500,000美元（約495,000,000港元）。



TAPP

down manufacturing costs.

Outlook

In June 2003, the Semiconductor Industry Association ("SIA") released its 2003-2006 mid-year forecast, projecting 10.1% growth in 2003 and then 16.8% growth for 2004 with a compound annual growth rate of 9.8% over the forecast period. The forecast contemplates a return to higher IT spending levels and the emergence of multi-function products, and that this recovery will be broad based. Of all the geographical areas, the Asia Pacific market, excluding Japan, is expected to experience the strongest growth.

The Group is now well positioned to capture new market opportunities arising as a result of the forecast recovery in the semiconductor industry, while protecting itself from industry downturns by significantly lowering its cost structure.

Major Associate — ASAT (Continued)

ASAT's new China manufacturing facility at Dongguan, which is adjacent to the Company's new facility will be ready for production by the end of calendar year 2003. By moving its manufacturing into China, ASAT expects to deliver further reduced cycle times, higher performance levels and state-of-the-art products, while driving

主要聯營公司 — 樂依文 (續)

樂依文之國內新廠房位於東莞，鄰近本公司之新廠房，將於二零零三年底投入生產。透過將製造工序遷移往國內，樂依文預期於減低製造成本的同時，進一步縮短製造週期時間、提升服務表現水平及生產具備領先科技之產品。

前景

於二零零三年六月，半導體工業協會（「SIA」）發表二零零三年至二零零六年之年中預測，預期二零零三年增長率將有10.1%，二零零四年之增長率更達16.8%，而預測期間之複合年增長率則為9.8%。該預測預期高資訊科技消費水平將會回復舊觀，而多功能產品亦會陸續面世，並且復甦層面廣泛。就地區而言，預計亞太區市場（日本除外）將錄得最強勁之增長。

目前，本集團已作好準備，憑藉精簡成本結構，一方面避免受到半導體行業不景氣影響，同時亦具備足夠實力迎接因行業預期復甦而帶來之新市場商機。

Financial Review

The Group has utilized US\$20 million (approximately HK\$156 million) long term bank loans in the part financing of its long term investments in the new etching operations in Dongguan, as well as the full settlement of the remainder of obligations under guarantees to financial institutions in the United Kingdom ("UK") crystallized, in relation to the Company's former subsidiary companies in UK. The long term bank loans are repayable in quarterly/semi-annual intervals with the first repayment due in October, 2003. 28% of these bank loans mature in the financial year ending 30th April, 2004 while the balance is to be repaid in equal proportions in the two subsequent financial years ending 30th April, 2006. These loans are denominated in US Dollars, carry floating interest rates and are secured by the Group's properties in Hong Kong, a floating charge on the Group's rental income from these properties, equity interest in ASAT of approximately 9%, a floating charge on the trade receivables and a charge on the Group's Restricted Cash balances.

During the year under review, the Company placed a total of 106 million new shares to independent investors, netting proceeds of about HK\$150 million which proceeds have been partly applied towards the relocation of the etching operations to Dongguan with the balance retained by the Group for future capital investments and also general working capital purposes.

As most of our income and expenditure are denominated in US Dollars, Hong Kong Dollars and Renminbi, no currency hedging has been put in place.

Save as aforesaid and as disclosed in note 39 "Contingent Liabilities" and 41 "Pledge of Assets" to the financial statements, no other asset of the Company was pledged to third party.

財務回顧

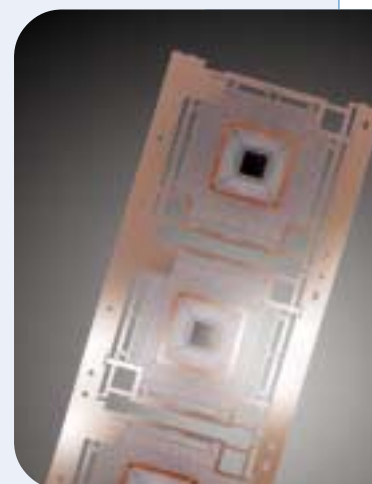
本集團已動用20,000,000美元(約156,000,000港元)之長期銀行借貸，以用作東莞新蝕刻業務之長期投資之一部份，以及向英國(「英國」)財務機構全數償還有關本公司之前英國附屬公司而履行擔保責任之餘額。長期銀行借貸分期按季度/半年度償還，首期還款將於二零零三年十月到期。該等銀行借貸其中28%將於截至二零零四年四月三十日止財政年度到期，而餘額則以同等比例於其後兩個財政年度截至二零零六年四月三十日止償還。該等借貸以美元為單位，按浮動息率計息，並以本集團於香港之物業、來自該等物業之租金收入之浮動抵押、約9%之樂依文權益、貿易應收款項之浮動抵押及抵押本集團受限制現金結餘作為抵押。

於回顧年度內，本公司向獨立投資者配售合共106,000,000股新股份，所得款項淨額約150,000,000港元，其中部份所得款項已用於遷移蝕刻業務

往東莞，而餘額則由本集團保留作未來資本投資及一般營運資金。

由於本公司之收入及支出大部份均以美元、港元及人民幣為單位，因此並無進行任何貨幣對沖。

除上文所述及於財務報告附註39「或然負債」及附註41「資產抵押」所披露者外，本公司並無將其他資產抵押予第三者。



QFP

Capital Expenditure

During the year ended 30th April, 2003, the Group invested HK\$36 million (2002: HK\$145 million) in acquiring property, plant and equipment. This capital expenditure was financed partly from long term borrowings and partly from internal resources.

Employees and Remuneration Policy

As at 30th April, 2003, the Group, other than ASAT, employed approximately 2,100 employees (of whom approximately 1,600 or 76% were recruited in Mainland China) as compared to approximately 1,100 employees (of whom approximately 400 or 36% were recruited in Mainland China) as at 30th April, 2002. The launching of TQM in the new Dongguan facilities have enabled the localization program to be carried out successfully. In the next financial year ending 30 April, 2004, the localization program is expected to continue driving down costs and improving production even further. By July 2003, approximately 90% employees were recruited in Mainland China.

The Group maintained its remuneration policy comprising salary and other benefits, as an integral part of TQM.

Appreciation

I, on behalf of the board, would take this opportunity to express my sincere gratitude to all staff for their valuable contribution to the Group during this challenging period. Further, I would like to express appreciation to the Group's customers, business associates and shareholders for their continual support.

By Order of the Board

Li Tung Lok

Chairman

Hong Kong, 25th August, 2003

資本開支

截至二零零三年四月三十日止年度，本集團動用36,000,000港元(二零零二年：145,000,000港元)添置物業、機器及設備以作投資。該資本開支部份以長期借貸支付，部份則由內部資源撥付。

僱員及酬金政策

於二零零三年四月三十日，本集團(不包括樂依文)僱用約2,100名僱員(其中約1,600名或76%為中國僱員)，而於二零零二年四月三十日時則僱用約1,100名僱員(其中約400名或36%為中國僱員)。在東莞新廠房推行TQM使本地化計劃得以順利進行。展望截至二零零四年四月三十一日止下一個財政年度，本集團將繼續推行本地化計劃，務求進一步削減成本以及提高生產力。於二零零三年七月，約90%之僱員為中國僱員。

本集團繼續奉行以往之酬金政策提供薪金及其他福利，作為全面品質管理之一部份。

致謝

本人謹代表董事會向全體員工在充滿挑戰之期間對本集團作出之寶貴貢獻致以衷心謝意。此外，本人亦藉此機會感謝本集團之客戶、業務夥伴及股東之不斷支持。

承董事會命

主席

李同樂

香港，二零零三年八月二十五日