

CHAIRMAN'S STATEMENT

The Board of Directors of QPL International Holdings Limited (the "Company") hereby presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 October, 2003 together with comparative figures in respect of the trading results, changes in equity and the cash flows for the corresponding period in 2002, together with the latest announced balance sheet as at 30 April, 2003 as set forth below.

RESULTS FOR THE FIRST HALF YEAR

For the six months ended 31 October, 2003, the Group recorded a turnover of HK\$215 million, representing a 5% decrease from HK\$227 million for the corresponding period last year. The Group's unaudited consolidated net loss for the period under review amounted to HK\$48 million (2002: HK\$272 million), of which 35% was attributed to the share of losses of an associate, ASAT Holdings Limited ("ASAT"), amounting to HK\$17 million (2002: HK\$216 million).

Basic loss per share for the period under review was HK\$0.08 (2002: HK\$0.51). Basic additional loss per share, prepared on the basis of excluding certain non-recurring items as described in note 9 to the condensed financial statements, was HK\$0.06 (2002: HK\$0.16).

主席報告

QPL International Holdings Limited (「本公司」)董事會謹此呈報本公司及其附屬公司(「本集團」)截至二零零三年十月三十一日止六個月之未經審核簡明綜合財務報告，連同二零零二年同期經營業績、權益變動及現金流量之比較數字，與及最近期公佈於二零零三年四月三十日之資產負債表載列如下。

上半年度業績

截至二零零三年十月三十一日止六個月，本集團之營業額為215,000,000港元，較去年同期之227,000,000港元減少5%。本集團於審閱期間之未經審核綜合虧損淨額為48,000,000港元(二零零二年：272,000,000港元)，其中35%乃分佔聯營公司ASAT Holdings Limited(「樂依文」)之虧損17,000,000港元(二零零二年：216,000,000港元)所致。

審閱期間之每股基本虧損為0.08港元(二零零二年：0.51港元)。按簡明財務報告附註9所述未計若干非經常項目之基準計算，額外每股基本虧損為0.06港元(二零零二年：0.16港元)。

CHAIRMAN'S STATEMENT

PERFORMANCE REVIEW

During the period under review most of the businesses in the Greater China region were badly affected by the outbreak of the Severe Acute Respiratory Syndrome ("SARS"). Customer visits were cancelled, resulting in very few new or additional orders being placed. At the same time the Company was completing the production base transition from Hong Kong to China. Inevitably this resulted in some short term dislocation to production. Despite these adversities, the Company has achieved similar levels of sales as attained in the same period last year, while completing the relocation of manufacturing operations to China. Included in the turnover was revenue of HK\$121 million, or 56%, derived from ASAT as compared to revenue of HK\$97 million, or 43% in the corresponding period last year.

The Company has upgraded its operations by embarking on the Total Quality Management ("TQM") initiatives, and deploying extensively Auto Inspection Systems to deliver Zero-Defect business solutions. These efforts enabled the Group to gain market share when growth in demand resumed in the post SARS period.

As a result of the improvements in the cost structure as a result primarily of the successful shift of production to China, the Group has achieved positive EBITDA and is making significant progress towards a return to profitability. EBITDA is defined as the loss from operations plus depreciation and amortisation expenses.

主席報告

業務回顧

審閱期間內，大中華地區內絕大部分業務均因嚴重急性呼吸道綜合症（「沙士」）爆發而大受打擊。客戶來訪被迫取消，引致新增或額外訂單寥寥可數。同一時間，本公司將生產基地從香港遷移到中國，故此無可避免地導致某程度之短暫生產脫節。縱有以上種種困難，本公司在完成遷移製造業務往中國之餘，仍能取得與去年同期水平相若之銷售成績。營業額中收入121,000,000港元或56%乃來自樂依文，而此數字去年同期則為收入97,000,000港元或43%。

本公司正通過採用全面品質管理（「TQM」）積極措施提升營運水平，並大力推行自動檢測系統以實現零缺點之業務方案。有賴此努力，使本集團能夠在沙士過後，需求增長恢復時贏取市場佔有率。

隨着生產工序順利遷移國內，成本結構得以改善，而本集團亦錄得正數之除利息、稅項、折舊及攤銷前盈利，及取得重大的進展邁向有盈利之回報。除利息、稅項、折舊及攤銷前盈利乃定義為營運虧損加折舊及攤銷開支。

CHAIRMAN'S STATEMENT

MAJOR ASSOCIATE - ASAT

In line with the semiconductor industry upturn, ASAT reported an increase in turnover of 21% from US\$75.8 million (approximately HK\$591 million) to US\$92 million (approximately HK\$718 million) for the six months ended 31 October, 2003, with a net loss of US\$6.2 million (approximately HK\$48 million) on its accounts prepared in accordance with accounting principles generally accepted in the United States of America, as compared to a net loss of US\$66.3 million (approximately HK\$517 million) in the last corresponding period which included a before tax charge of US\$59.2 million (approximately HK\$462 million) relating to an impairment loss on certain assets.

In the results announcement, ASAT also announced the opening of its China factory, the expansion of capacity by ordering 100 new wire bonders and supporting equipment, and the entering into a quad flat no-lead (QFN) patent cross-license agreement with Amkor Technology, Inc. in its continuing drive towards improvements in cost structure and expansion in overall market share.

On 16 January, 2004, ASAT announced an offering of US\$150 million (approximately HK\$1,170 million) aggregate principal amount of senior notes. The notes will mature on 1 February, 2011 and bear interest at the rate of 9¹/₄% annually. The net proceeds of the issuance will be used for the redemption of its outstanding 12¹/₂% senior notes due 2006 and for general corporate purposes, additional working capital and capital expenditure, which may include costs incurred in relocating manufacturing operations to Dongguan, China and the purchase of assembly and test equipment to expand facilities.

主席報告

主要聯營公司－樂依文

隨著半導體工業復甦，樂依文截至二零零三年十月三十一日止六個月之營業額由75,800,000美元（約591,000,000港元）增加21%至92,000,000美元（約718,000,000港元），根據美國公認會計原則所編製之賬目，其虧損淨額為6,200,000美元（約48,000,000港元），而去年同期之虧損淨額則為66,300,000美元（約517,000,000港元），包括有關若干資產減值虧損之除稅前開支59,200,000美元（約462,000,000港元）。

樂依文亦於其業績公佈中宣佈其國內之廠房開業、為配合擴大生產力而增訂一百台焊線機及支援設備，以及與Amkor Technology, Inc. 訂立四邊扁平無接腳積體 (quad flat no-lead, 「QFN」) 專利交互授權協議，致力不斷追求改善成本結構及擴大整體市場佔有率。

於二零零四年一月十六日，樂依文宣佈發售本金總額150,000,000美元（約1,170,000,000港元）之優先票據，票據將於二零一一年二月一日到期，利息按年利率9¹/₄厘計算。是次發行票據所得款項淨額將用以贖回其於二零零六年到期之12¹/₂厘優先票據，以及撥作一般企業用途、額外營運資金及資本開支，其中可能包括遷移製造業務往中國東莞所需成本及購買裝配及測試設備以擴大生產。

CHAIRMAN'S STATEMENT

OUTLOOK

The new etching facility in Dongguan has been well-received by our existing and potential customers. As previously reported in the 2003 annual report, the launching of TQM in the new plant has brought about sustainable improvements in terms of production efficiency and yields, self-initiative and team-work spirit. Further, the Company has made substantial investments in the installation of Auto Inspection Systems, employing these extensively on the quality control prior to the shipment of finished products to customers. This latest initiative enables the Company to deliver Zero-Defect solution, which we believe is on a scale not matched by other competitors, reaping significant savings in both costs and time to the customers.

Customers who have visited the new plant indicated that they are impressed with our state-of-the-art facilities and our TQM process. They are confident of our capability to deliver Zero-Defect solutions. Accordingly sales have been increasing with the last quarter sales for calendar year 2003 recording an increase of about 19% over the previous quarter.

In November 2003, the Semiconductor Industry Association released its annual forecast for 2003-2006, highlighting a strong growth forecast for 2004 with global sales of semiconductors expected to increase by 19.4%. This growth is expected to be broad based across all markets, with the strongest growth anticipated to be in the Asia Pacific (excluding Japan) market, in which both the Group and ASAT operate.

主席報告

前景

設於東莞之新蝕刻設施備受現有及潛在客戶歡迎。誠如先前於二零零三年年報所報告，新廠房推行TQM後，在生產效率及良品率、員工積極性和團隊精神方面均有可持續之改善。此外，本公司又大力投資安裝自動檢測系統，並在製成品交付客戶前之品質控制工作中廣泛使用。此項新措施使本公司能夠實現零缺點方案，大大減省了對客戶的生產成本及交貨時間，而我們亦相信此為其他競爭對手於使用規模上有所不及。

到訪新廠房之客戶均對廠內之先進設施及公司之TQM措施留下深刻印象，對本公司提供零缺點方案之能力極具信心。故此，銷售額穩步上升，二零零三年曆年最後一季之銷售額更較對上一季度錄得約19%之增幅。

於二零零三年十一月，半導體工業協會發表有關二零零三至二零零六年之年度預測，預期半導體業將在二零零四年呈現強勁增長，全球半導體銷售額預計增長19.4%。此增幅預期將為全球性，且各個市場均會受惠，而其中更以本集團及樂依文經營所在之亞太（不計日本）市場為首。

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

During the six months ended 31 October, 2003, the Group repaid approximately HK\$16 million of its bank loans and obtained three unsecured loans in an aggregate amount of Renminbi 65 million (approximately HK\$62 million) in respect of which the Company provided corporate guarantees. One of these loans of Renminbi 25 million (approximately HK\$24 million) which was originally repayable in one year at a fixed interest rate, was rolled-over in January 2004 to be due in January 2005. Two other loans of Renminbi 40 million (approximately HK\$38 million) were repayable by instalments over 3 years. Furthermore, a bank loan of approximately US\$1.3 million (approximately HK\$10 million) secured on certain new machines was obtained, and is repayable by 36 equal monthly instalments. The proceeds from these new loans were used to finance the acquisition of property, plant and equipment and also for the general working capital requirements of the Group over the period.

At 31 October, 2003, the Group had total outstanding borrowings of HK\$228 million comprising bank loans of HK\$150 million, other loans of HK\$62 million and trust receipt loans of HK\$16 million. In terms of maturity, after taking into account the roll over of loans of Renminbi 25 million as described above, borrowings of HK\$82 million or 36% of the total borrowings will be repayable within one year and the rest repayable within two to five years. In terms of currency denomination, 72% was denominated in US dollars, 27% in Renminbi and 1% in Japanese yen. The Group had total cash and bank balances of HK\$53 million, of which HK\$18 million was pledged in support of banking facilities granted to the Group.

主席報告

財務回顧

截至二零零三年十月三十一日止六個月內，本集團償還了約16,000,000港元銀行貸款及新增三筆無抵押貸款，總額為人民幣65,000,000元（約62,000,000港元），而本公司提供公司擔保。其中一筆人民幣25,000,000元（約24,000,000港元）之定息貸款原應於一年內償還，惟已於二零零四年一月安排滾轉至二零零五年一月到期償還。其餘兩筆為數人民幣40,000,000元（約38,000,000港元）之貸款則須於三年內分期攤還。另外一筆約1,300,000美元（約10,000,000港元）之新借銀行貸款乃以若干新機器作抵押，並須分36個月等額分期攤還。以上新借貸款已用於應付收購物業、機器及設備，以及撥作本集團於期內之一般營運資金。

於二零零三年十月三十一日，本集團有未償還總借貸228,000,000港元，包括銀行貸款150,000,000港元、其他貸款62,000,000港元及信託收據貸款16,000,000港元。在還款期方面，若計及上述人民幣25,000,000元之滾轉貸款後，將有82,000,000港元借貸或總借貸之36%須於一年內償還，其餘則須於兩至五年內償還。在計值貨幣方面，72%乃以美元為單位，27%乃以人民幣為單位，1%乃以日圓為單位。本集團共有現金及銀行結餘53,000,000港元，當中18,000,000港元已作為本集團銀行信貸之抵押。

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW *(Continued)*

Except for the crystallisation of obligations under guarantees which are denominated in Pounds Sterling, all other monetary assets and liabilities and business transactions of the Group are carried out and conducted in Hong Kong dollars, Renminbi and US dollars. As the exchange rate between Hong Kong dollars and US dollars is linked and Renminbi trades against US dollars within a narrow range of exchange rates, the Group believes that its exposure to foreign exchange risks is not material.

Save as disclosed in note 21 "Pledge of assets" and note 22 "Contingent liabilities" to the condensed financial statements, there was no other material change in the Group's pledge of assets and contingent liabilities since 30 April, 2003.

EMPLOYEES AND REMUNERATION POLICY

At the end of the period, the Group, other than ASAT, employed approximately 2,230 people (of whom approximately 2,050 or 92% were recruited in Mainland China) as compared to approximately 2,100 employees (of whom approximately 1,600 or 76% were recruited in Mainland China) as at 30 April, 2003. The Group continues to carry on its localisation program and to maintain its remuneration policy comprising salary and other benefits, as an integral part of TQM.

主席報告

財務回顧 (續)

除履行擔保責任之數額以英鎊為單位外，本集團所有其他貨幣資產與負債及業務交易均以港元、人民幣及美元計算及進行。由於港元與美元掛鉤，而人民幣兌美元之匯率則常見窄幅上落，故本集團相信所承受之外匯風險不大。

除簡明財務報告附註21「資產抵押」及附註22「或然負債」所披露外，本集團之資產抵押及或然負債自二零零三年四月三十日以來並無重大變動。

僱員及酬金政策

於本期終結時，本集團(不包括樂依文)共僱用約2,230名僱員(其中約2,050名或92%為中國僱員)，而於二零零三年四月三十日則聘有約2,100名僱員(其中約1,600名或76%為中國僱員)。本集團將繼續推行內地化政策，並將奉行過往之酬金政策提供薪金及其他福利，作為TQM之不可分割部分。

CHAIRMAN'S STATEMENT

APPRECIATION

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

By Order of the Board

Li Tung Lok

Chairman

Hong Kong, 19 January, 2004

主席報告

致謝

在此充滿挑戰之期間，本人謹代表董事會向全體員工對本集團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，二零零四年一月十九日