



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, 2004 together with comparative figures in respect of the trading results, changes in equity and the cash flows for the corresponding period in 2003, together with the latest audited balance sheet as at 30 April, 2004 as set forth below.

RESULTS FOR THE FIRST HALF YEAR

For the six months ended 31 October, 2004, the Group recorded a turnover of HK\$236 million, representing a 10% increase from HK\$215 million for the corresponding period last year. The Group's unaudited consolidated net loss for the period under review amounted to HK\$120 million (2003: HK\$48 million), of which 66% (2003: nil) was attributable to the deficit on revaluation of investment properties amounting to HK\$79 million (2003: nil) while 42% (2003: 35%) was attributed to the share of losses of an associate, ASAT Holdings Limited ("ASAT"), amounting to HK\$50 million (2003: HK\$17 million). The Group returned a profit of HK\$12 million for the period under review before share of losses of an associate, deficit on revaluation of investment properties and compensation charge for settlement of a litigation (2003: a loss of HK\$31 million before share of losses of an associate, deficit on revaluation of investment properties and compensation charge for settlement of a litigation). Basic loss per share for the period under review was HK\$0.19 (2003: HK\$0.08).

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」) 截至二零零四年十月三十一日止六個月之未經審核簡明綜合財務報告，連同二零零三年同期經營業績、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經審核資產負債表載列如下。

上半年度業績

截至二零零四年十月三十一日止六個月，本集團之營業額為236,000,000港元，較去年同期之215,000,000港元增加10%。本集團於審閱期間之未經審核綜合虧損淨額為120,000,000港元 (二零零三年：48,000,000港元)，其中66% (二零零三年：無) 乃重估投資物業減值79,000,000港元 (二零零三年：無)，而42% (二零零三年：35%) 乃分佔聯營公司ASAT Holdings Limited (「樂依文」) 之虧損50,000,000港元 (二零零三年：17,000,000港元) 所致。本集團於審閱期間錄得扣除分佔聯營公司虧損、重估投資物業減值及訴訟和解之補償費用前之溢利12,000,000港元 (二零零三年：扣除分佔聯營公司虧損、重估投資物業減值及訴訟和解之補償費用前之虧損31,000,000港元)。審閱期間之每股基本虧損為0.19港元 (二零零三年：0.08港元)。

**PERFORMANCE REVIEW**

In the latter half of the period under review the semiconductor industry underwent an inventory correction, after a strong rebound in worldwide demand since the beginning of 2003. The Company's plans to increase sales and diversify its customer base were negatively affected. However as the Total Quality Management ("TQM") initiatives have been widely deployed, the Company has been operating with a significantly reduced cost structure and accordingly was able to deliver profit of HK\$12 million for the period under review before share of losses of an associate, deficit on revaluation of investment properties and compensation charge for settlement of a litigation (2003: loss of HK\$31 million before share of losses of an associate, deficit on revaluation of investment properties and compensation charge for settlement of a litigation) as detailed in the above paragraph.

Included in the turnover was revenue of HK\$126 million, or 53% of revenue, derived from ASAT as compared to revenue of HK\$121 million, or 56% in the corresponding period last year.

業務回顧

於審閱期間下半段時間內，自二零零三年初世界各地之需求出現強勁反彈後，半導體工業經歷存貨整固。本公司致力提升銷售額及擴大其客戶基礎之計劃受到不利影響。然而，由於全面品質管理（「TQM」）措施已獲廣泛採用，本公司一直以顯著降低之成本結構經營，因此能夠於審閱期間內錄得於上一段詳述之扣除分佔聯營公司虧損、重估投資物業減值及訴訟和解之補償費用前之溢利12,000,000港元（二零零三年：扣除分佔聯營公司虧損、重估投資物業減值及訴訟和解之補償費用前之虧損為31,000,000港元）。

營業額內之126,000,000港元（或佔收益之53%）之收益乃來自樂依文，而去年同期之收益則為121,000,000港元（或佔收益之56%）。



CHAIRMAN'S STATEMENT (Continued)

主席報告 (續)

MAJOR ASSOCIATE – ASAT HOLDINGS LIMITED (“ASAT”)

Affected by the inventory correction within the semiconductor industry, resulting in excess capacity in the assembly and test industry and related price pressure, and a significant shift in ASAT's own product mix, ASAT reported a net revenue of US\$103 million (approximately HK\$804 million) for the six months period ended 31 October, 2004, or a rise in net revenue of 12% as compared to US\$92 million (approximately HK\$718 million) for the corresponding period in 2003 but represented a drop of 16% in net revenue as compared with US\$56 million (approximately HK\$437 million) for the first quarter ended 31 July, 2004 and US\$47 million (approximately HK\$367 million) for the second quarter ended 31 October, 2004. Accordingly for the period under review ASAT reported a net loss of US\$14.5 million (approximately HK\$113 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\$6.2 million (approximately HK\$48 million) in the last corresponding period.

For the period under review the Group's share of ASAT's loss was HK\$50 million (2003: HK\$17 million). In the condensed consolidated balance sheet, interest in an associate is stated as the Group's share of the net assets of the associate after adjustments for unamortized goodwill and any identified impairment losses. As at 31 October, 2004 the Group's carrying value of ASAT was HK\$122 million (30 April, 2004: HK\$171 million), representing approximately US\$0.27 (approximately HK\$2.11) per American Depository Share (“ADS”) of ASAT. Closing price of ADS on the NASDAQ was US\$1.19 (approximately HK\$9.28) as at 31 October, 2004 or US\$1.52 (approximately HK\$11.86) as at 2 December, 2004 when ASAT announced its results for the fiscal quarter ended 31 October, 2004.

主要聯營公司 – ASAT HOLDINGS LIMITED (「樂依文」)

受到半導體工業內之存貨整固影響，導致裝配及測試工業出現生產力過剩及帶來相關價格壓力，加上樂依文大幅改變旗下產品組合，樂依文於截至二零零四年十月三十一日止六個月期間之收益淨額為103,000,000美元（約804,000,000港元），與二零零三年同期之92,000,000美元（約718,000,000港元）比較，收益淨額上升12%，但與截至二零零四年七月三十一日止第一季度之56,000,000美元（約437,000,000港元）及截至二零零四年十月三十一日止第二季度之47,000,000美元（約367,000,000港元）比較，收益淨額下跌16%。因此，根據美國公認會計原則編製之賬目，樂依文於審閱期間錄得虧損淨額14,500,000美元（約113,000,000港元），而去年同期則錄得虧損淨額6,200,000美元（約48,000,000港元）。

於審閱期間內，本集團分佔樂依文之虧損為50,000,000港元（二零零三年：17,000,000港元）。於簡明綜合資產負債表，聯營公司之權益按本集團分佔該聯營公司之資產淨值扣除未攤銷商譽及任何已確認減值虧損之調整。於二零零四年十月三十一日，本集團於樂依文之賬面值為122,000,000港元（二零零四年四月三十日：171,000,000港元），相等於樂依文之每股美國預託證券（「美國預託證券」）約0.27美元（約2.11港元）。美國預託證券於二零零四年十月三十一日在美國全國證券商自動報價協會系統(NASDAQ)之收市價為1.19美元（約9.28港元），而於二零零四年十二月二日（即樂依文公佈其截至二零零四年十月三十一日止財政季度之業績當日）則為1.52美元（約11.86港元）。

**OUTLOOK**

In view of the challenges posed by the market, the Company maintains its niche position by continuing the TQM processes thereby ensuring our facilities are well regarded by customers. Currently the production plants are being operated at approximately half of their installed equipment capacity, positioning the Company to capitalise on future increases in demand in a cost-effective way. Nevertheless, the short-term trading environment remains very challenging.

In November 2004, the Semiconductor Industry Association ("SIA") released its annual forecast for 2004-2007, predicting essentially flat sales in 2005. The forecast projected that sales would grow by 6.3% in 2006 and by 14.2% in 2007, or a compound annual growth rate of 11.8% through the forecast period. In the forecast SIA also noted a fundamental change in the forces driving the semiconductor industry with more than half of the semiconductors sold in 2004 ending up in products purchased by consumers rather than by corporate end users. Further SIA expected this consumer purchase proportion to grow, as consumers will be captivated by the richness and portability of digital media.

On 31 December, 2004 SIA reported worldwide semiconductor sales in November 2004. It also noted that capacity utilization declined modestly, however actions taken by both customers and semiconductor manufacturers appeared to have been effective in addressing excess inventories. This led to an expectation that excess inventories would not be a significant concern by the end of first quarter 2005.

前景

面對市場帶來之種種挑戰，本公司堅持TQM，以確保旗下設施能夠獲得客戶信賴。目前，廠房以其所裝置設備約五成之生產力經營，令本公司具備成本效益以應付日後之需要增長。然而，短期之貿易環境仍極具挑戰性。

於二零零四年十一月，半導體工業協會（「SIA」）發表其對二零零四年至二零零七年之年度預測，並預測二零零五年之銷售額將大致平穩。該預測預計銷售額將於二零零六年增長6.3%及於二零零七年增長14.2%，或於預測期間內之複合年增長率11.8%。於該項預測內，SIA亦注意到推動半導體工業之因素出現基本變化，於二零零四年出售之半導體中，超過半數最終裝置於消費者而非企業終端用戶購買之產品內。此外，SIA預期，由於消費者受到數碼媒體之功能日新及易於攜帶所吸引，故該類消費者購買比例將會增加。

於二零零四年十二月三十一日，SIA發表世界各地於二零零四年十一月之銷售額。該組織亦注意到生產力使用率輕微下跌，然而客戶及半導體製造商採取之行動似能夠有效解決存貨過剩之問題。因此，預期對存貨過剩感到關注之情況將於二零零五年第一季結束時顯著減少。

**FINANCIAL REVIEW**

In May 2004, the Company reached an agreement with National Assembly for Wales and Welsh Development Agency for the settlement of its obligations under guarantees provided in relation to certain operating leases to the Company's former subsidiary in the United Kingdom at a sum of GBP2.7 million. Pursuant to the agreement, the Company settled a sum of GBP1.5 million in July 2004 and will settle the balances by 12 equal monthly instalments commencing from November 2004.

In July 2004, the Group has repaid a bank loan of US\$8 million (approximately HK\$62 million) and re-financed another loan of approximately US\$6.4 million (approximately HK\$50 million) into banking facilities of HK\$100 million, which comprises of a 5-year bank loan of HK\$60 million repayable by 60 equal monthly instalments commencing from August 2004 and general working capital facilities of HK\$40 million. All charged securities for the two settled loans have been released during the period under review. The new banking facilities are secured by the Group's properties in Hong Kong and a floating charge on the Group's rental income and carry floating interest rates. An additional loan from a director of HK\$49 million was obtained which is unsecured, interest free and repayable on demand (but subject to prior approval from the Board if demand is made before 30 April, 2005). The Group has repaid HK\$1 million to the director during the period ended 31 October, 2004.

財務回顧

於二零零四年五月，本公司與 National Assembly for Wales 及 Welsh Development Agency 達成協議，就本公司為其英國之前附屬公司獲得若干營運租約所提供之擔保履行責任償還 2,700,000 英鎊。根據協議，本公司於二零零四年七月償還 1,500,000 英鎊，並將於二零零四年十一月起分 12 個月等額分期償還餘額。

於二零零四年七月，本集團已償還一筆銀行貸款 8,000,000 美元 (約 62,000,000 港元) 及將另一筆約 6,400,000 美元 (約 50,000,000 港元) 之貸款再融資 100,000,000 港元之銀行融資，其中包括一筆五年期銀行貸款 60,000,000 港元 (由二零零四年八月起分 60 個月等額分期償還) 及一般營運資金融資 40,000,000 港元。兩筆已償還貸款之所有抵押品已於審閱期間內解除抵押。新造銀行融資以本集團於香港之物業及以本集團之租金收入作浮息押記抵押及按浮動息率計息。本集團亦取得一名董事提供之新增貸款 49,000,000 港元，該筆貸款為無抵押、免息及於要求時償還 (倘償還要求於二零零五年四月三十日前提出，必須事先獲董事會批准)。本集團已於截至二零零四年十月三十一日止期間內償還 1,000,000 港元予該董事。



CHAIRMAN'S STATEMENT (Continued)

主席報告 (續)

FINANCIAL REVIEW (Continued)

On 11 October, 2004, an ordinary resolution was passed at a special general meeting to approve the issue of bonus warrants, on the basis of one warrant for every five existing ordinary shares. 127,873,968 new warrants were issued to subscribe for an equivalent number of ordinary shares of the Company at a subscription price of HK\$1.82 per share, subject to adjustment, at any time from 15 October, 2004 up to and including 14 October, 2007. Registered holders of 50 warrants exercised their rights during the period under review. At the same meeting, a special resolution was also passed to approve a capital reorganisation scheme by the utilisation of share premium account to set off accumulated losses of the Company at an amount of HK\$1,479 million outstanding at the meeting date, thereby paving the way for future declaration of dividends.

As at 31 October, 2004, the Group's total outstanding debts of HK\$240 million (30 April, 2004: HK\$227 million) comprised of HK\$64 million (30 April, 2004: HK\$120 million) secured bank loans, HK\$30 million (30 April, 2004: HK\$8 million) bill payables and trust receipt loans, HK\$73 million (30 April, 2004: HK\$79 million) unsecured loans, HK\$5 million (30 April, 2004: Nil) bank overdraft, and HK\$68 million (30 April, 2004: HK\$20 million) loan from a director. In terms of maturity, borrowings of HK\$157 million (30 April, 2004: HK\$119 million) or 65% (30 April, 2004: 52%) of the total borrowings will be repaid within one year; borrowings of HK\$46 million (30 April, 2004: HK\$79 million) or 19% (30 April, 2004: 35%) of the total borrowings will be repaid in the second year and the balance repayable in the third to fifth year inclusive. In terms of currency denomination, approximately 54% was denominated in HK Dollars, 31% was denominated in Renminbi ("RMB"), 13% was denominated in US Dollars and 2% was denominated in Japanese Yen.

財務回顧 (續)

於二零零四年十月十一日，於股東特別大會上通過一項普通決議案以批准發行紅利認股權證，基準為每持有五股現有普通股獲派一份認股權證。127,873,968份新認股權證（可於二零零四年十月十五日至二零零七年十月十四日（包括該日）之任何時間按認購價每股1.82港元（可予調整）認購相等數目之本公司普通股）已發行。50份認股權證之登記持有人於審閱期間內已行使彼等之權利。於同一大會上，亦通過一項特別決議案以批准股本重組計劃，透過運用股份溢價賬以撇銷於大會當日本公司之累計虧損1,479,000,000港元，為日後宣派股息鋪路。

於二零零四年十月三十一日，本集團有未償還總借貸240,000,000港元（二零零四年四月三十日：227,000,000港元），包括有抵押銀行貸款64,000,000港元（二零零四年四月三十日：120,000,000港元）、付款票據及信託收據貸款30,000,000港元（二零零四年四月三十日：8,000,000港元）、無抵押貸款73,000,000港元（二零零四年四月三十日：79,000,000港元）、銀行透支5,000,000港元（二零零四年四月三十日：無）及董事貸款68,000,000港元（二零零四年四月三十日：20,000,000港元）。在還款期方面，有157,000,000港元（二零零四年四月三十日：119,000,000港元）之借貸或佔總借貸之65%（二零零四年四月三十日：52%）須於一年內償還；有46,000,000港元（二零零四年四月三十日：79,000,000港元）之借貸或佔總借貸之19%（二零零四年四月三十日：35%）將於第二年內償還，餘款則須於第三至第五年（包括首尾兩年）償還。在貨幣計值方面，約54%乃以港元為單位，31%乃以人民幣（「人民幣」）為單位，13%乃以美元為單位及2%乃以日圓為單位。



CHAIRMAN'S STATEMENT (Continued)

主席報告 (續)

FINANCIAL REVIEW (Continued)

On 17 December, 2004, the Group announced the conditional sale of part of QPL Industrial Building (the "Property"), which was held partly for own use and partly for generating rental income at a consideration of HK\$136 million. The Property was mortgaged to a bank as at 31 October, 2004. The Group will use the net sale proceeds to reduce its secured indebtedness (being approximately HK\$70 million as at the date of the announcement of the sales of Property) charged over the Property whereas the rest will be used for general working capital purposes. Subject to the fulfilment of the conditions, being compliance in full by the Company with all applicable requirements under the Listing Rules and other relevant rules and regulations, completion of the sale of the Property will take place on 30 April, 2005. Having regard to the financial position of the Group and the cash flow requirements of the Group, the Directors believe that the terms of the sale and purchase of the Property are fair and reasonable and in the interests of the shareholders of the Company taken as a whole.

In January 2005, the Group reached an agreement in principle with Motorola, Inc. ("Motorola"), subject to entering into a mutually acceptable settlement agreement and on a without admission of liability basis, to settle all claims that Motorola has against the Group by the payment of US\$425,000 in 10 monthly instalments. Legal proceedings were originally initiated by ASAT against Motorola in relation to a contract dispute arising out of the interpretation of certain defined terms in a patent cross licence entered into between Motorola and the Group on 1 October, 1993. In April 2003, Motorola filed an essentially identical complaint naming the Company and ASAT as co-defendants and has alleged that the Group and ASAT owe approximately US\$8 million.

財務回顧 (續)

於二零零四年十二月十七日，本集團宣佈有條件出售部份品質工業大廈(「該等物業」)(該等物業部份保留作自用及部份持有作收取租金收入)，代價為136,000,000港元。於二零零四年十月三十一日，該等物業已抵押予銀行。本集團將出售所得款項淨額用以減少其以該等物業作為抵押之有抵押債務(於公佈出售該等物業當日約為70,000,000港元)，餘額則用作一般營運資金。待有關條件(即本公司全面遵守上市規則之所有適用規定及其他有關規則及規例)獲履行後，出售該等物業將於二零零五年四月三十日完成。經考慮本集團之財政狀況及本集團之現金流量後，董事相信該等物業之買賣條款乃公平合理，並符合本公司股東之整體利益。

於二零零五年一月，本集團與摩托羅拉公司(「摩托羅拉」)原則上達成協議，惟須訂立各方均接納之和解協議以及按不承認責任之基準，分10個月支付共425,000美元以結清摩托羅拉向本集團提出之所有申索。法律訴訟原由樂依文向摩托羅拉就摩托羅拉與本集團於一九九三年十月一日訂立之專利交互授權若干定義條款之詮釋所產生之合約糾紛而提出。於二零零三年四月，摩托羅拉以本集團及樂依文為共同被告人提出基本上相同之起訴，並控告本集團及樂依文拖欠約8,000,000美元之到期專利權費。本集團原則。



CHAIRMAN'S STATEMENT (Continued)

主席報告 (續)

FINANCIAL REVIEW (Continued)

in back due royalties. The settlement was agreed in principle by the Group so as to avoid incurring substantial further legal costs in relation to the litigation. Accordingly, the compensation charge for settlement of this litigation of approximately HK\$3 million was accrued in the accounts during the current period under review.

Except for the obligations under guarantees denominated in Pounds Sterling as described above, most of the Group's other monetary assets and liabilities and business transactions are carried and conducted in Hong Kong Dollars, US Dollars and RMB. As the exchange rate between HK Dollars and US Dollars is linked and RMB trades against US Dollars within a narrow range, the Group believes its exposure to foreign exchange rates is not material.

Save as disclosed in note 20 "Pledge of assets" and note 21 "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, 2004.

CAPITAL EXPENDITURE

During the period under review, the Group invested HK\$16 million (2003: HK\$42 million) in acquiring property, plant and equipment. This capital expenditure was financed partly from borrowings and partly from internal resources.

財務回顧 (續)

上同意和解，以避免就訴訟進一步招致大量法律費用。因此，此項訴訟和解之補償費用約3,000,000港元於本回顧期間內計入賬目內。

除上文所述履行擔保責任之數額以英鎊為單位外，本集團大部份其他貨幣資產與負債及業務交易均以港元、美元及人民幣計算及進行。由於港元與美元掛鈎，而人民幣兌美元之匯率於窄幅上落，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20「資產抵押」及附註21「或然負債」所披露外，本集團之資產抵押及或然負債自二零零四年四月三十日以來並無重大變動。

資本支出

於審閱期間內，本集團投資16,000,000港元（二零零三年：42,000,000港元）於收購物業、機器及設備。該項資本支出部份來自借貸及部份來自內部資源。



CHAIRMAN'S STATEMENT (*Continued*)

主席報告 (續)

EMPLOYEES AND REMUNERATION POLICY

At the end of the period, the Group, other than ASAT, employed approximately 2,650 people (of whom approximately 2,500 were recruited in Mainland China) as compared to approximately 2,500 employees (of whom approximately 2,360 were recruited in Mainland China) as at 30 April, 2004. 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.

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, 24 January, 2005

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2,650名僱員（其中約2,500名為中國僱員），而於二零零四年四月三十日則聘用約2,500名僱員（其中約2,360名為中國僱員）。本集團將繼續推行本地化政策，並奉行過往之酬金政策提供薪金及其他福利，作為TQM之不可分割部份。

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，二零零五年一月二十四日