

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, 2005 together with comparative figures in respect of the trading results, recognised income and expenses and the cash flow for the corresponding period in 2004, together with the latest audited balance sheet as at 30 April, 2005 as set forth below.

RESULTS FOR THE FIRST HALF YEAR

For the six months ended 31 October, 2005, the Group recorded a turnover of HK\$199 million, representing a 16% decrease from HK\$236 million for the corresponding period last year. The Group's unaudited consolidated net loss for the period under review amounted to HK\$29 million. This compared with the net loss for the last corresponding period of HK\$123 million, of which HK\$79 million was attributable to the deficit on revaluation of investment properties and HK\$53 million to the share of losses of an associate, ASAT Holdings Limited ("ASAT"). The Group's share of losses of an associate for the period under review amounted to HK\$6 million which represented the attributable fair value of the warrants acquired in conjunction with the Group's participation in the financing of ASAT as more fully described under the paragraph below "Major Associate – ASAT Holdings Limited". Other than the share of losses by virtue of the Group's additional investment in the equity of ASAT in the form of its warrants as described above, the Group has discontinued recognition of its share of losses of ASAT since the second half of fiscal year ended 30 April, 2005. The unrecognised share of losses for the period and cumulatively amounted to HK\$67 million and HK\$146 million respectively. Basic loss per share for continuing and discontinued operation for the period under review was HK\$0.05 (2004: HK\$0.19).

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」) 截至二零零五年十月三十一日止六個月之未經審核簡明綜合財務報告，連同二零零四年同期經營業績、確認收支及現金流量之比較數字，與及最近期公佈於二零零五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

截至二零零五年十月三十一日止六個月，本集團之營業額為199,000,000港元，較去年同期之236,000,000港元減少16%。本集團於回顧期間之未經審核綜合虧損淨額為29,000,000港元，而去年同期則有虧損淨額123,000,000港元，其中79,000,000港元乃重估投資物業減值，而53,000,000港元乃分佔聯營公司ASAT Holdings Limited (「樂依文」) 之虧損所致。於回顧期間本集團分佔聯營公司之虧損達6,000,000港元，即本集團因參與樂依文融資計劃而獲得之認股權證之應佔公平值。融資計劃之詳情請參下段「主要聯營公司 – ASAT Holdings Limited」。除基於上述本集團以認股權證方式在樂依文股本之額外投資而分佔之虧損外，本集團由截至二零零五年四月三十日止財政年度下半年開始已終止確認分佔樂依文之虧損。期內並未確認之分佔虧損及累計未確認虧損分別為67,000,000港元及146,000,000港元。回顧期間之持續及已終止經營業務每股基本虧損為0.05港元 (二零零四年：0.19港元)。

CHAIRMAN'S STATEMENT (Continued)

PERFORMANCE REVIEW

During the period under review, ASAT, which accounted for 51% of the Group's sales in fiscal year ended 30 April, 2005, reported a drop in net sales by 18%. The decrease in net sales in ASAT was, in turn, mainly caused by a decline in average selling prices and a shift in production mix as well as a decrease in unit sales volume. For further details relating to ASAT, please refer to the paragraph below under "Major Associate – ASAT Holdings Limited". Further, after the Group disposed of its properties in April 2005, no more rental income was recorded during the period under review (2004: HK\$11 million).

During the period under review, turnover generated from ASAT dropped from 51% in corresponding period last year to 43%. The Company has continued increasing its sales to customers other than ASAT in order to diversify its client base.

Further, during the period under review, there was a substantial increase in copper price as a result of which customers were hesitant to build up inventory, which caused a slight decline in sales of the Company. The Company continues its efforts to adjust pricing from time to time to combat the increase in material costs. A time lag is required to pass on the increased copper costs to customers. Consequently, net material costs to sales have increased slightly during the period under review.

MAJOR ASSOCIATE – ASAT HOLDINGS LIMITED ("ASAT")

ASAT reported a net revenue of approximately US\$84.5 million (approximately HK\$655 million) for the six months period ended 31 October, 2005, or a drop in net revenue of 18% as compared to US\$103 million (approximately HK\$804 million) for the corresponding period in 2004 on accounts prepared both in accordance with accounting principles generally accepted in the United States of America ("USGAAP") and under Hong Kong ("HKGAAP"). The drop in net revenue was mainly caused by a decline in average selling prices and a shift in product mix as well as a decrease in unit sales volume. To meet these challenges, ASAT continued to diversify its customer base and industry mix, making progress with end market diversification with growth in the personal computers/computing market.

主席報告 (續)

業務回顧

於回顧期間，佔本集團截至二零零五年四月三十日止財政年度銷售額51%之樂依文銷售淨額報跌，跌幅為18%，而樂依文之銷售淨額減少則主要由於平均售價下跌及生產組合改變，以及銷售量減少所致。關於樂依文之更多資料請參照下段「主要聯營公司 – ASAT Holdings Limited」。另外，本集團已於二零零五年四月售出其物業，故在其後之回顧期間，集團再無任何租金收入(二零零四年：11,000,000港元)。

於回顧期間，樂依文貢獻之營業額由去年同期之51%下跌至43%。本公司繼續提高樂依文以外之客戶銷售，藉以使客戶基礎更多樣化。

此外，於回顧期間，銅價顯著攀升令客戶於增加存貨時較為躊躇，導致本公司銷售輕微下跌。本公司繼續致力透過不時調節價格以應付原料成本上漲，惟需要一段時間方能把增加之銅價轉嫁至客戶。因此，回顧期間之淨原料成本對銷售比率略為上升。

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

根據以美國公認會計原則(「USGAAP」)及香港公認會計原則(「HKGAAP」)編製之賬目，樂依文於截至二零零五年十月三十一日止六個月期間之銷售淨額均約為84,500,000美元(約655,000,000港元)，與二零零四年同期之103,000,000美元(約804,000,000港元)比較，銷售淨額下跌18%。銷售淨額下跌主要由於平均售價下跌及生產組合改變，以及銷售量減少所致。面對此等挑戰，樂依文繼續致力令客戶基礎及產業組成更多元化，並在拓展至最終用家市場方面取得進展，於個人電腦／計算機市場錄得增長。

CHAIRMAN'S STATEMENT (Continued)

MAJOR ASSOCIATE – ASAT HOLDINGS LIMITED ("ASAT") (Continued)

For the period under review, ASAT reported a net loss of US\$19.4 million (approximately HK\$150 million) under USGAAP, as compared to a net loss of US\$14.5 million (approximately HK\$113 million) in the last corresponding period whereas, under HKGAAP, ASAT reported a net loss of approximately HK\$173 million, as compared to a net loss of approximately HK\$127 million for corresponding period last year. Nevertheless, during its second fiscal quarter ended 31 October, 2005 revenue from its China facility increased from 26% in the first fiscal quarter to 38%, and because of the low cost structure in China, overall gross margin improved by 700 basis points over first quarter. As all manufacturing is scheduled to be moved out of Hong Kong in the first half of calendar year 2006, ASAT expects better margin results to ensue.

The Group held 42.42% of ASAT as at 31 October, 2005. The Group's carrying value of ASAT was nil (30 April, 2005: nil). As at 20 January, 2006, being the latest practicable date, the closing price of American Depository Share of ASAT on the NASDAQ was US\$1.05. The market value of ASAT attributable to the Group based on the closing price of ASAT as at 20 January, 2006 was HK\$469 million.

On 27 October, 2005 ASAT drew on the first tranche of its US\$30 million financing package by the sale of US\$15 million convertible preferred shares, with a US\$15 million credit facility yet to be drawn down. This additional capital provides ASAT with the funds needed to complete transition of its manufacturing base to China. The Group has purchased US\$7.5 million convertible preferred shares, which investment was accounted for as investment in financial instruments as defined under Hong Kong Accounting Standard ("HKAS") 32 – Financial Instruments: Disclosure and Presentation, and HKAS 39 – Financial Instruments: Recognition and Measurement. The portion of fair value attributable to the convertible preferred shares of HK\$28 million which, in substance, represents a loan to ASAT, is accounted for as loan portion. The portion of fair value attributable to the conversion features of the convertible preferred shares of HK\$24 million is accounted for as conversion portion. The portion of fair value attributable to the warrants of HK\$6 million is accounted for as part of the investment cost in the associate and subject to sharing of the accumulated losses which has not yet been recognised.

主席報告 (續)

主要聯營公司 – ASAT HOLDINGS LIMITED ("樂依文") (續)

於回顧期間，根據USGAAP，樂依文匯報虧損淨額19,400,000美元(約150,000,000港元)，而去年同期則有虧損淨額14,500,000美元(約113,000,000港元)。根據HKGAAP，樂依文匯報虧損淨額約173,000,000港元，而去年同期則有虧損淨額127,000,000港元。儘管如此，於截至二零零五年十月三十一日止之第二財政季度，來自樂依文中國設施之銷售由第一財政季度之26%增至38%。由於中國較低廉之成本架構，整體毛利率較第一財政季度增長700基點。由於所有製造業務已計劃於二零零六財政年度上半年遷離香港，樂依文預期隨後之盈利率將會改善。

截至二零零五年十月三十一日，本集團持有樂依文42.42%權益。本集團擁有之樂依文賬面值為零(二零零五年四月三十日：零)。於二零零六年一月二十日(即最後實際可行日期)，樂依文之美國預託證券在美國全國證券商自動報價協會系統(NASDAQ)之收市價為1.05美元。根據二零零六年一月二十日之樂依文收市價計算，本集團應佔樂依文之市值為469,000,000港元。

於二零零五年十月二十七日，樂依文藉發售15,000,000美元可換股優先股取其30,000,000美元融資方案之首筆款項，並仍有15,000,000美元備用信貸未被取用。此筆額外資本為樂依文提供完成遷廠往中國所需之資金。本集團購入7,500,000美元可換股優先股，該項投資已根據香港會計準則(「香港會計準則」)第32號—金融工具：披露及呈報和香港會計準則第39號—金融工具：確認及計量，作為金融工具投資入賬。可換股優先股實際上是指借予樂依文之貸款，而應佔之該部分公平值為28,000,000港元，並以貸款部分入賬。可換股優先股之換股部份公平值為24,000,000港元，以換股部分入賬。認股權證應佔之該部分公平值為6,000,000港元，以聯營公司之部分投資成本入賬，並就未予確認之分佔累計虧損而調整。

CHAIRMAN'S STATEMENT (Continued)

OUTLOOK

In June 2005, the Semiconductor Industry Association ("SIA") forecasted world demand for semiconductors to grow with a compound annual growth rate of 9.8% through 2008. In December 2005, SIA noted that industry sales continued to track their forecast of 6.8% growth in sales for the calendar year 2005; inventories were in balance, and production capacity utilization remained in the healthy 90% range. The current market sentiment generally supports this view. For the months of November and December 2005, the Group's turnover increased by 24% over the average level attained during the period under review. As demand has increased and in view of the better market outlook, the Company will continue to monitor pricing from time to time with a view to passing on any increase of material costs to customers when necessary.

FINANCIAL REVIEW

As at 31 October, 2005, the Group's total outstanding debts of HK\$154 million (30 April, 2005: HK\$151 million) comprised of HK\$3 million (30 April, 2005: HK\$5 million) secured bank loans, HK\$31 million (30 April, 2005: HK\$17 million) trust receipt loans and bill payables, HK\$46 million (30 April, 2005: HK\$55 million) other secured loans, HK\$4 million (30 April, 2005: HK\$6 million) other unsecured loans and HK\$70 million (30 April, 2005: HK\$68 million) loan from a director. In terms of maturity, borrowings of HK\$146 million (30 April, 2005: HK\$114 million) or 95% (30 April, 2005: 75%) of the total debts will be repaid within one year; borrowings of HK\$8 million (30 April, 2005: HK\$37 million) or 5% (30 April, 2005: 25%) of the total debts will be repaid in the second year. In terms of currency denomination, approximately 13% (30 April, 2005: 8%) was denominated in US Dollars, approximately 55% (30 April, 2005: 51%) was denominated in HK Dollars and 32% (30 April, 2005: 41%) was denominated in Renminbi ("RMB").

Except for the obligations under guarantees denominated in Pounds Sterling, most of the Group's other monetary assets and liabilities and business transactions are carried on 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.

主席報告 (續)

前景

於二零零五年六月，半導體工業協會 (SIA) 預測由當時至二零零八年全球半導體需求之複合年增長率為9.8%。於二零零五年十二月，SIA指出，整體行業銷售繼續朝著所預測之二零零五年銷售增長率6.8%進發。存貨水平適中，而產能使用率則保持在90%之滿意範圍。現時市場氣氛大致支持此一觀點。於二零零五年十一月及十二月兩個月，本集團之營業額較回顧期間之平均水平提高了24%。有見需求增加及市場前景轉好，本公司將繼續不時留意價格情況，冀可於當有需要時將原料成本升幅轉嫁予客戶。

財務回顧

於二零零五年十月三十一日，本集團有未償還總借貸154,000,000港元 (二零零五年四月三十日：151,000,000港元)，包括有抵押銀行貸款3,000,000港元 (二零零五年四月三十日：5,000,000港元)、信託收據貸款及付款票據31,000,000港元 (二零零五年四月三十日：17,000,000港元)、其他有抵押貸款46,000,000港元 (二零零五年四月三十日：55,000,000港元)、其他無抵押貸款4,000,000港元 (二零零五年四月三十日：6,000,000港元) 及董事貸款70,000,000港元 (二零零五年四月三十日：68,000,000港元)。在還款期方面，146,000,000港元 (二零零五年四月三十日：114,000,000港元) 之借貸或佔總借貸之95% (二零零五年四月三十日：75%) 須於一年內償還，8,000,000港元 (二零零五年四月三十日：37,000,000港元) 之借貸或佔總借貸之5% (二零零五年四月三十日：25%) 須於第二年償還。在貨幣計值方面，約13% (二零零五年四月三十日：8%) 以美元為單位，約55% (二零零五年四月三十日：51%) 以港元為單位，及32% (二零零五年四月三十日：41%) 以人民幣為單位。

除履行擔保責任之數額以英鎊為單位外，本集團大部分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。

CHAIRMAN'S STATEMENT (Continued)

FINANCIAL REVIEW (Continued)

Save as disclosed in note 19 "Pledge of assets" and note 20 "Contingent liability" to the condensed financial statements, there was no other material change in the Group's pledge of assets and contingent liabilities since 30 April, 2005.

On 1 November, 2005 the Company announced that the Board proposed to raise not less than approximately HK\$79 million, before expenses, by issuing not less than 127,874,034 rights shares but not more than 153,448,761 rights shares for every five existing shares held. The rights issue was fully underwritten by Mr. Li Tung Lok ("Mr. Li"), Chairman of the Company, as to 75% and Kingston Securities Limited, an unrelated party, as to the remaining 25%. On 8 December, 2005 this rights issue was approved at a special general meeting. On 30 December, 2005 the rights issue became unconditional resulting in the capitalisation of an unsecured, interest free and repayable on demand loan extended by Mr. Li to the Company of approximately HK\$59 million with a cash receipt of HK\$18 million, net of expenses and accordingly, the gearing of the Company was substantially reduced by the corresponding amount subsequent to the reporting period.

CAPITAL EXPENDITURE

During the period under review, the Group invested HK\$8 million (2004: HK\$16 million) in acquiring property, plant and equipment. This capital expenditure was financed wholly from internal resources.

EMPLOYEES AND REMUNERATION POLICY

At the end of the period, the Group, other than ASAT, employed approximately 2,700 persons as compared to approximately 2,650 employees as at 30 April, 2005. The Group continues to maintain its remuneration policy comprising salary and other benefits, as an integral part of Total Quality Management.

主席報告 (續)

財務回顧 (續)

除簡明財務報告附註19「資產抵押」及附註20「或然負債」所披露外，本集團之資產抵押及或然負債自二零零五年四月三十日以來並無重大變動。

本公司於二零零五年十一月一日宣佈，董事會建議按每持有五股現有股份供一股供股股份之基準發行不少於127,874,034供股股份但不多於153,448,761股供股股份，集資不少於約79,000,000港元(扣除開支前)。供股獲全數包銷，由本公司主席李同樂先生(「李先生」)包銷其中75%及由金利豐證券有限公司(一名無關連人士)包銷餘下25%。該項供股已於二零零五年十二月八日在股東特別大會上獲批准。供股於二零零五年十二月三十日成為無條件，因此，李先生借予本公司之無抵押、免息及須按要求即時償還之貸款約59,000,000港元已資本化(扣除開支後收取現金18,000,000港元)。據此，於呈報期間以後，本公司之負債已大為削減，其幅度等同有關數額。

資本開支

於回顧期間內，本集團動用8,000,000港元(二零零四年：16,000,000港元)添置物業、機器及設備以作投資。該資本開支全數由內部資源撥付。

僱員及酬金政策

於本期終結時，本集團(不包括樂依文)僱用約2,700名僱員，而於二零零五年四月三十日則聘用約2,650名僱員。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分。

CHAIRMAN'S STATEMENT (Continued)

CHANGE OF DIRECTORSHIP

On 3 January, 2006, the Company announced that due to personal reasons, Mr. Cheng Hoi Tao, Henry ("Mr. Cheng") resigned as an executive director of the Company with effect from 1 January, 2006. Mr. Kwan Kit Tong, Kevin ("Mr. Kwan"), currently the Group Controller of the Company, has been appointed as an executive director of the Company on the same day. The Board takes this opportunity to thank Mr. Cheng for his valuable contribution to the Company during the past years and also to welcome Mr. Kwan to join the Board.

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 continual support.

By Order of the Board

Li Tung Lok
Chairman

Hong Kong, 23 January, 2006

主席報告 (續)

董事變動

本公司於二零零六年一月三日宣佈，鄭海滔先生(「鄭先生」)基於私人理由已於二零零六年一月一日起辭去本公司執行董事職務。同日，本公司現任集團財務總監關傑銅先生(「關先生」)獲委任為本公司執行董事。董事會謹向鄭先生過往多年為本公司作出寶貴貢獻致謝，並歡迎關先生加入董事會。

致謝

在此充滿挑戰之期間，全體員工為本集團作出了寶貴貢獻，本人謹代表董事會向他們致以衷心謝意。本人亦藉此機會感謝本集團客戶、業務夥伴及股東之恆久支持。

承董事會命

主席
李同樂

香港，二零零六年一月二十三日