

Chairman's Statement 主席報告

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 2006 together with comparative figures in respect of the trading results, recognised income and expenses and the cash flows for the corresponding period in 2005, together with the latest audited balance sheet as at 30 April 2006 as set forth below.

RESULTS FOR THE FIRST HALF YEAR

For the six months ended 31 October 2006, the Group recorded a turnover of HK\$153 million, representing a 23% decrease or a drop of HK\$46 million, from HK\$199 million for the corresponding period last year. To mitigate the abrupt sales downturn, the Company has accelerated its cost reduction programmes to cut operating costs with the resultant loss for the period, before losses arising from changes in fair value of derivative financial instruments, at HK\$23 million which was significantly less than the loss of HK\$29 million recorded for the last corresponding period. The Group's unaudited consolidated loss for the period under review amounted to HK\$40 million which comprised HK\$17 million (2005: Nil) of losses arising from the changes in fair value of derivative financial instruments and HK\$5 million (2005: HK\$6 million) of share of losses of an associate as compared with the loss for the last corresponding period of HK\$29 million. Basic loss per share for the period under review was HK\$0.05 (2005: HK\$0.05). Net debt gearing ratio also improved to 20% as at balance sheet date, as compared to 26% at the start of the period under review.

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」)截至二零零六年十月三十一日止六個月之未經審核簡明綜合財務報表，連同二零零五年同期經營業績、確認收支及現金流量之比較數字，與及最近期公佈於二零零六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

截至二零零六年十月三十一日止六個月，本集團之營業額為153,000,000港元，較去年同期之199,000,000港元下跌23%或減少46,000,000港元。為了紓緩突如其來之銷售額放緩情況，本公司已加快進行其削減成本計劃，藉以降低營運成本，由此產生之本期間虧損(未扣除衍生金融工具公平值變動產生之虧損)為23,000,000港元，大大低於去年同期所錄得之29,000,000港元虧損。本集團於回顧期間之未經審核綜合虧損為40,000,000港元，其中17,000,000港元(二零零五年：無)乃衍生金融工具公平值變動產生之虧損，及5,000,000港元(二零零五年：6,000,000港元)乃分佔聯營公司之虧損，而去年同期之虧損則為29,000,000港元。回顧期間之每股基本虧損為0.05港元(二零零五年：0.05港元)。於結算日，淨負債資本比率亦改善至20%，而於回顧期初則為26%。

Chairman's Statement 主席報告

PERFORMANCE REVIEW

During the period under review, the drop in Group's turnover was mainly attributed by the sudden drop in sales to ASAT Holdings Limited ("ASAT") to HK\$41 million as compared with HK\$86 million in last corresponding period. Turnover generated from ASAT continued to drop from 43% in previous year to 27% in current reporting period, as a result of ASAT shifting its sales mix away from leadframe based products.

MAJOR ASSOCIATE – ASAT

ASAT reported a net revenue of approximately US\$87.3 million (equivalent to approximately HK\$679 million) for the six months period ended 31 October 2006, or a slight rise in net revenue of 4% as compared to US\$84.5 million (equivalent to approximately HK\$655 million) for the corresponding period in 2005. Accordingly, for the period under review, ASAT reported a net loss of US\$16.4 million (equivalent to approximately HK\$127 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\$19.4 million (equivalent to approximately HK\$150 million) in the last corresponding period.

On 1 September 2006 Mr. Li Tung Lok, director of the Company, was also appointed as acting chief executive officer of ASAT. With the move to China finished and customers qualified, ASAT is ramping up production at the new facility. The China factory is producing significant cost savings, as evidenced by its total labor and fixed manufacturing costs dropping by approximately 15%. These cost savings were main contributors in support of gross margins levels.

業務回顧

於回顧期間，本集團銷售額下跌，主要由於向ASAT Holdings Limited(「樂依文」)之銷售額突然下跌至41,000,000港元，而去年同期則為86,000,000港元。樂依文貢獻之營業額持續報跌，由去年之43%下跌至本報告期間之27%，此乃由於樂依文將其銷售組合轉離引線框產品所致。

主要聯營公司 – 樂依文

樂依文於截至二零零六年十月三十一日止六個月期間之銷售淨額約為87,300,000美元(相等於約679,000,000港元)，與二零零五年同期之84,500,000美元(相等於約655,000,000港元)比較，銷售淨額較微上升4%。於回顧期間，根據以美國公認會計原則編製之賬目，樂依文匯報虧損淨額16,400,000美元(相等於約127,000,000港元)，而去年同期則有虧損淨額19,400,000美元(相等於約150,000,000港元)。

於二零零六年九月一日，本公司董事李同樂先生亦已獲委任為樂依文之署理行政總裁。隨着遷移往中國已完成及客戶已認證，樂依文之新設施現正投入生產。中國工廠之生產成本大大減省，勞工成本及固定製造成本下降約15%便是明證。生產成本下降實為支持毛利率水平之主要元素。

Chairman's Statement 主席報告

MAJOR ASSOCIATE – ASAT (Continued)

The Group held 42.54% of ASAT with nil carrying value as at 31 October 2006. The Group has continued to derecognise its share of losses of ASAT for the period under review since the second half of fiscal year ended 30 April 2005 except for any additional investment in ASAT mainly represented by the receipt of preferred share dividend in the period under review in the form of ordinary shares of ASAT, received by the Group due to its holding of convertible preferred shares in ASAT which carry a preference dividend at the rate of 13% per annum payable semi-annually either in cash or in ordinary shares, at the option of ASAT. The unrecognised share of losses for the period and cumulatively amounted to HK\$36 million (2005: HK\$67 million) and HK\$267 million (30 April 2006: HK\$231 million) respectively.

By reference to the closing price of American Depository Share ("ADS") of ASAT on the NASDAQ Market at balance sheet date, the market value of ASAT attributable to the Group as at 31 October 2006 was HK\$211 million (30 April 2006: HK\$422 million). The fair value of the conversion option of the convertible preferred shares and the warrants were valued by reference to the share price of ASAT, among other factors.

主要聯營公司 – 樂依文 (續)

於二零零六年十月三十一日，本集團持有樂依文42.54%權益，但並無賬面值。自截至二零零五年四月三十日止財政年度之下半年起，本集團繼續停止確認其於回顧期間分佔樂依文之虧損，惟於樂依文之任何額外投資則除外，而該等額外投資主要為本集團因持有樂依文之可換股優先股，而於回顧期間以普通股方式收取之優先股股息，該等可換股優先股附帶每半年按樂依文之決定以現金或普通股方式支付優先股息每年13%。未確認之分佔虧損於本期間及累計的數額分別為36,000,000港元（二零零五年：67,000,000港元）及267,000,000港元（二零零六年四月三十日：231,000,000港元）。

參考樂依文之美國預託證券（「預託證券」）於結算日在美國全國證券商自動報價協會系統（NASDAQ）市場之收市價，本集團於二零零六年十月三十一日應佔樂依文之市值為211,000,000港元（二零零六年四月三十日：422,000,000港元）。可換股優先股之換股選擇權及認股權證之公平值乃參考（其中包括）樂依文之股價因素估值。

Chairman's Statement 主席報告

MAJOR ASSOCIATE – ASAT *(Continued)*

As previously mentioned in the 2006 annual report, ASAT has received a NASDAQ's Staff Deficiency letter indicating that the bid price of ASAT's ADS had closed below the minimum bid price requirement of US\$1.00 for continued inclusion on the NASDAQ Capital Market as required by the NASDAQ Marketplace Rules. On 12 January 2007, ASAT announced that it regained compliance with NASDAQ's minimum bid price requirement for continued listing.

OUTLOOK

In November 2006, the Semiconductor Industry Association ("SIA") forecast world demand for semiconductors to grow with a compound annual growth rate of 9% for the forecast period, 2006-2009. In January 2007, SIA anticipated that 2007 would be another good year with a forecast of 10% growth over 2006. Furthermore, the Group's sales to ASAT, since the last quarter in the calendar year 2006, have been on the rise as ASAT re-balanced its sales mix in favour of products incorporating lead frames.

主要聯營公司 – 樂依文 *(續)*

誠如二零零六年年報先前所提述，樂依文已收到NASDAQ之Staff Deficiency函件，指出樂依文之預託證券之買入價收市低於NASDAQ市場規則所規定有關持續納入NASDAQ資本市場之規定最低下限買入價1.00美元。於二零零七年一月十二日，樂依文公佈其已重新遵守有關持續上市之NASDAQ之最低下限買入價規定。

前景

於二零零六年十一月，半導體工業協會（「SIA」）預測由二零零六年至二零零九年之預測期間，全球半導體需求之複合年增長率為9%。於二零零七年一月，SIA預計二零零七年將為另一個發展蓬勃之年度，預測較二零零六年增長10%。此外，自二零零六曆年之最後一季起，本集團向樂依文之銷售額開始上揚，此乃由於樂依文重新調度其銷售組合加入了引線框之產品所致。

Chairman's Statement 主席報告

FINANCIAL REVIEW

During the period under review, the Group repaid certain bank and other loans in the sum total of HK\$16 million and settled in full obligations crystallised under guarantee of HK\$3 million. As at 31 October 2006, the Group's total outstanding debts of HK\$64 million (30 April 2006: HK\$84 million) comprised of nil (30 April 2006: HK\$2 million) secured bank loans, HK\$30 million (30 April 2006: HK\$34 million) trust receipt loans and bill payables, HK\$24 million (30 April 2006: HK\$37 million) other secured loans, nil (30 April 2006: HK\$1 million) other unsecured loans and HK\$10 million (30 April 2006: HK\$10 million) loan from a director. In terms of maturity, total outstanding debts of HK\$64 million will be repayable within one year (30 April 2006: HK\$71 million or 85%) and nil (30 April 2006: HK\$13 million or 15%) repayable in the second year. In term of interest bearing, HK\$54 million (30 April 2006: HK\$74 million) was interest bearing and HK\$10 million (30 April 2006: HK\$10 million) was interest free. In terms of currency denomination, approximately 24% (30 April 2006: 8%) was denominated in US Dollars, approximately 37% (30 April 2006: 41%) was denominated in Renminbi ("RMB") and approximately 39% (30 April 2006: 51%) was denominated in HK Dollars.

DISTRIBUTION

The directors do not recommend the payment of an interim dividend for the period under review. (2005: Nil)

財務回顧

於回顧期間，本集團已償還金額合共 16,000,000 港元之若干銀行及其他貸款，並已悉數償付 3,000,000 港元之履行擔保責任。於二零零六年十月三十一日，本集團有未償還總借貸 64,000,000 港元（二零零六年四月三十日：84,000,000 港元），包括無（二零零六年四月三十日：2,000,000 港元）有抵押銀行貸款、信託收據貸款及應付票據 30,000,000 港元（二零零六年四月三十日：34,000,000 港元）、其他有抵押貸款 24,000,000 港元（二零零六年四月三十日：37,000,000 港元）、無（二零零六年四月三十日：1,000,000 港元）其他無抵押貸款及董事貸款 10,000,000 港元（二零零六年四月三十日：10,000,000 港元）。在還款期方面，64,000,000 港元（二零零六年四月三十日：71,000,000 港元或 85%）之未償還總借貸須於一年內償還，及並無（二零零六年四月三十日：13,000,000 港元或 15%）未償還借貸須於第二年償還。在利息方面，54,000,000 港元（二零零六年四月三十日：74,000,000 港元）為計息貸款，而 10,000,000 港元（二零零六年四月三十日：10,000,000 港元）為免息貸款。在貨幣計值方面，約 24%（二零零六年四月三十日：8%）以美元為單位，約 37%（二零零六年四月三十日：41%）以人民幣（「人民幣」）為單位，及 39%（二零零六年四月三十日：51%）以港元為單位。

分派

董事不建議於回顧期間派發中期股息（二零零五年：無）。

Chairman's Statement 主席報告

PLEDGE OF ASSETS

At 31 October 2006, plant and equipment with a carrying value of approximately HK\$61 million (30 April 2006: HK\$67 million) were pledged to secure certain banking facilities and other loans granted to the Group.

CAPITAL EXPENDITURE

During the period under review, the Group invested HK\$4 million (2005: HK\$8 million) in acquiring property, plant and equipment. This capital expenditure was wholly financed from internal resources.

EMPLOYEES AND REMUNERATION POLICY

At 31 October 2006, the Group, other than ASAT, employed approximately 2,050 employees as compared to approximately 2,420 employees as at 30 April 2006. The Group continues to maintain its remuneration policy comprising salary and other benefits, as an integral part of Total Quality Management.

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. 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, 22 January 2007

資產質押

於二零零六年十月三十一日，賬面值約為61,000,000港元(二零零六年四月三十日：67,000,000港元)之機器及設備已作抵押，以作為本集團取得之若干銀行融資及其他貸款。

資本開支

於回顧期間內，本集團動用4,000,000港元(二零零五年：8,000,000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

於二零零六年十月三十一日，本集團(不包括樂依文)僱用約2,050名僱員，比較於二零零六年四月三十日則聘用約2,420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。

致謝

全體員工一直為本集團作出寶貴貢獻，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，二零零七年一月二十二日