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# QPL INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 243)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30TH APRIL, 2009

### FINANCIAL HIGHLIGHTS

| | **Audited results for the year ended 30th April, 2009** | 2008 | **Increase/ (Decrease)** |
|---|---|---|---|
| Turnover *(HK$'M)* | **275** | 337 | (62) |
| Loss for the year *(HK$'M)* | **(96)** | (44) | 52 |
| Loss per share *(HK$)* | **(0.13)** | (0.06) | 0.07 |
| EBITDA *(HK$'M) (Note 1)* | **(2)** | 58 | (60) |
| | **(Audited) As at 30th April, 2009** | (Audited) As at 30th April, 2008 | **Increase/ (Decrease)** |
| Net debt gearing ratio (%) *(Note 2)* | **25%** | 6% | 19% |

*Notes :*

1. Earnings before interest, tax , depreciation and amortisation ("EBITDA") is computed as loss before tax plus depreciation, finance costs, impairment losses, share of loss of an associate, and losses arising from changes in fair value of derivative financial instruments.

2. Net debt gearing ratio is defined as total debts, including borrowings, trust receipt loans and bills payable less bank balances and cash over shareholders' equity.

The Board of Directors of QPL International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30th April, 2009 together with the comparative figures for 2008 as follows:

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 30th April, 2009*

| | *NOTES* | **2009** *HK$'M* | 2008 *HK$'M* |
|---|---|---|---|
| Turnover | *2* | **275** | 337 |
| Other income | *3* | **22** | 78 |
| Exchange loss, net | | **(3)** | (7) |
| Changes in inventories of finished goods and work in progress | | **(4)** | 1 |
| Raw materials and consumables used | | **(135)** | (164) |
| Staff costs | | **(76)** | (89) |
| Depreciation of property, plant and equipment | | **(21)** | (28) |
| Impairment loss on property, plant and equipment | | **(50)** | (21) |
| Losses arising from changes in fair value of derivative financial instruments | | **(12)** | (37) |
| Gain on disposal of a subsidiary | | **4** | – |
| Other expenses | | **(85)** | (98) |
| Interest on bank and other loans wholly repayable within five years | | **(1)** | (3) |
| Share of loss of an associate | | **(9)** | (12) |
| Loss before taxation | | **(95)** | (43) |
| Taxation | *4* | **(1)** | (1) |
| Loss for the year | | **(96)** | (44) |
| | | *HK$* | *HK$* |
| Loss per share | *5* | | |
| Basic and diluted | | **(0.13)** | (0.06) |

## CONSOLIDATED BALANCE SHEET

*At 30th April, 2009*

| | NOTES | 2009 HK$'M | 2008 HK$'M |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **53** | 122 |
| Interest in an associate | *6* | **–** | – |
| Investment in convertible preferred shares – loan portion | *7* | **–** | – |
| Other receivable | *8* | **5** | – |
| | | **58** | 122 |
| **Current assets** | | | |
| Inventories | | **27** | 38 |
| Trade and other receivables | *9* | **34** | 57 |
| Trade receivable due from an associate | *10* | **13** | 27 |
| Deposits and prepayments | | **6** | 6 |
| Available-for-sale investments | | **4** | 18 |
| Derivative financial instruments | *7* | **1** | 13 |
| Bank balances and cash | | **13** | 22 |
| | | **98** | 181 |
| **Current liabilities** | | | |
| Trade and other payables | *11* | **13** | 38 |
| Trust receipt loans and bill payables | | **3** | 10 |
| Deposits and accrued expenses | | **35** | 45 |
| Borrowings | | **24** | 23 |
| | | **75** | 116 |
| **Net current assets** | | **23** | 65 |
| | | **81** | 187 |
| **Capital and reserves** | | | |
| Share capital | | **61** | 61 |
| Share premium and reserves | *12* | **12** | 122 |
| **Equity attributable to the equity holders of the parent** | | **73** | 183 |
| **Non-current liabilities** | | | |
| Accrued expenses | | **4** | 4 |
| Borrowings | | **4** | – |
| | | **8** | 4 |
| | | **81** | 187 |

*NOTES :*

## 1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

| | |
|---|---|
| HKAS 39 & HKFRS 7 (Amendments) | Reclassification of Financial Assets |
| HK(IFRIC)-INT 12 | Service Concession Arrangements |
| HK(IFRIC)-INT 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction |

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs[1] |
| HKFRSs (Amendments) | Improvements to HKFRSs 2009[2] |
| HKAS 1 (Revised) | Presentation of Financial Statements[3] |
| HKAS 23 (Revised) | Borrowing Costs[3] |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements[4] |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation[3] |
| HKAS 39 (Amendment) | Eligible hedged items[4] |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3] |
| HKFRS 1 (Amendment) | Additional Exemptions for First-time Adopters[5] |
| HKFRS 2 (Amendment) | Vesting Conditions and Cancellations[3] |
| HKFRS 2 (Amendment) | Group Cash-settled Share-based Payment Transactions[5] |
| HKFRS 3 (Revised) | Business Combinations[4] |
| HKFRS 7 (Amendment) | Improving Disclosures about Financial Instruments[3] |
| HKFRS 8 | Operating Segments[3] |
| HK(IFRIC) – INT 9 & HKAS 39 (Amendments) | Embedded Derivatives[6] |
| HK(IFRIC) – INT 13 | Customer Loyalty Programmes[7] |
| HK(IFRIC) – INT 15 | Agreements for the Construction of Real Estate[3] |
| HK(IFRIC) – INT 16 | Hedges of a Net Investment in a Foreign Operation[8] |
| HK(IFRIC) – INT 17 | Distributions of Non-cash Assets to Owners[4] |
| HK(IFRIC) – INT 18 | Transfers of Assets from Customers[9] |

1 Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009
2 Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate
3 Effective for annual periods beginning on or after 1st January, 2009
4 Effective for annual periods beginning on or after 1st July, 2009
5 Effective for annual periods beginning on or after 1st January, 2010
6 Effective for annual periods ending on or after 30th June, 2009
7 Effective for annual periods beginning on or after 1st July, 2008
8 Effective for annual periods beginning on or after 1st October, 2008
9 Effective for transfers on or after 1st July, 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition dates are on or after 1st May, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 2. TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers less sales returns and discounts.

### Geographical segments

The customers of the Group are currently located in the United States of America, Hong Kong, Europe, People's Republic of China ("PRC"), Malaysia, Singapore and other Asian countries. The geographical locations of the Group's customers are the basis on which the Group reports its primary segmental information.

| | Segment Turnover For the year ended 30th April, | | Segment Result For the year ended 30th April, | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | *HK$'M* | *HK$'M* | *HK$'M* | *HK$'M* |
| United States of America | **23** | 28 | **(1)** | – |
| Hong Kong | **22** | 79 | **(3)** | (3) |
| Europe | **2** | 3 | **–** | – |
| PRC | **113** | 69 | **(12)** | (1) |
| Malaysia | **30** | 47 | **(2)** | (1) |
| Singapore | **23** | 24 | **(1)** | 1 |
| Other Asian countries | **62** | 87 | **(3)** | 3 |
| Consolidated | **275** | 337 | **(22)** | (1) |
| Impairment loss on property, plant and equipment | | | **(50)** | (21) |
| Losses arising from changes in fair value of derivative financial instruments | | | **(12)** | (37) |
| Imputed interest income on non-current interest-free other receivable | | | **1** | – |
| Interest income for convertible preferred shares | | | **9** | 12 |
| Gain on disposal of available-for-sale investments | | | **–** | 35 |
| Gain on disposal of a subsidiary | | | **4** | – |
| Unallocated sundry income | | | **–** | 1 |
| Unallocated corporate expenses | | | **(15)** | (17) |
| Interest on bank and other loans wholly repayable within five years | | | **(1)** | (3) |
| Share of loss of an associate | | | **(9)** | (12) |
| Loss before taxation | | | **(95)** | (43) |
| Taxation | | | **(1)** | (1) |
| Loss for the year | | | **(96)** | (44) |

### Business segment

The Group operates solely the manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners.

## 3. OTHER INCOME

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Gain on disposal of available-for-sale investments | **–** | 35 |
| Interest income for convertible preferred shares *(Note)* | **9** | 12 |
| Imputed interest income on non-current interest-free other receivable | **1** | – |
| Sales of by-products and scrap | **11** | 30 |
| Sundry income | **1** | 1 |
| | **22** | 78 |

*Note:* The amount includes approximately HK$4 million (2008: HK$8 million) interest income from convertible preferred shares, which was settled in form of ordinary shares of ASAT, the Company's associate, in lieu of cash.

## 4. TAXATION

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| The charge comprises: | | |
| PRC Enterprise Income Tax | **(1)** | (1) |

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made as the individual companies comprising the Group operating in Hong Kong incur tax losses for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No.63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations has changed the tax rates from 33% to 25% from 1st January, 2008 and from 15% to 25% progressively over 5 years for certain subsidiaries from 1st January, 2008.

## 5. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the parent is based on the following data:

| | **2009** | 2008 |
|---|---|---|
| Loss for the purposes of basic loss per share | **HK$96M** | HK$44M |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | **767,353,549** | 767,303,534 |

The calculation of diluted loss per share for both years does not assume the exercise of the share options and warrants of the Company because such assumption would result in a decrease in loss per share.

## 6. INTEREST IN AN ASSOCIATE

| | **2009**<br>***HK$'M*** | 2008<br>*HK$'M* |
|---|---|---|
| Listed investment outside Hong Kong | | |
| Cost of investment *(Note 3)* | **23** | 19 |
| Share of post-acquisition losses and reserves | **(23)** | (19) |
| | **–** | – |
| Quoted value of listed investment | **12** | 59 |

Interest in an associate represents the Group's 43.22% (2008: 42.88%) interest in the issued ordinary share capital of ASAT, a limited company incorporated in the Cayman Islands and its shares were listed on the NASDAQ prior to 17th April, 2008. ASAT and its subsidiaries are principally engaged in the provision of assembly and testing of integrated circuits in the PRC.

On 25th March, 2008, ASAT received a notice from the NASDAQ Listing Qualifications Panel determining the delisting of ASAT's securities from the NASDAQ market and the trading of its shares were suspended at the open of business on 27th March, 2008. On 17th April, 2008, ASAT announced that its American Depository Shares ("ADS") started trading on the Over-the-Counter Bulletin Board under the symbol "ASTTY.OB" and were delisted from NASDAQ.

On 2nd March, 2009, ASAT has announced that it entered into forbearance agreements with its lenders. On 1st June, 2009, ASAT announced that it has reached an agreement in principle with a majority of its creditors on the terms of a consensual financial restructuring of the obligation of ASAT group ("ASAT Financial Restructuring"). Under the terms of the forbearance agreements, the lenders agreed to forbear from exercising their rights and remedies against ASAT group arising out of certain designated defaults until 30th August, 2009, subject to certain early termination events. The outcome of ASAT Financial Restructuring is still uncertain as of the date of the approval of these consolidated financial statements. As a result, ASAT has not published any financial statements and not prepared any management accounts in accordance with HKFRSs issued by the HKICPA for the year ended 30th April, 2009 other than the information for the six months ended 31st October, 2008.

## 7. INVESTMENT IN CONVERTIBLE PREFERRED SHARES/DERIVATIVE FINANCIAL INSTRUMENTS

| | 2009 | 2008 |
|---|---|---|
| | *HK$'M* | *HK$'M* |
| Investment in convertible preferred shares – loan portion | **43** | 38 |
| Less: Loss allocated in excess of cost of investment | **(43)** | (38) |
| | **–** | – |

| | 2009 | 2008 |
|---|---|---|
| Derivative financial instruments: | | |
| Investment in convertible preferred shares – conversion option | **1** | 12 |
| Investment in warrants | **–** | 1 |
| | **1** | 13 |

The fair value of the straight loan feature of the convertible preferred shares was determined by using discounted cash flow calculation based upon a group of debt instruments with similar credit rating and structure and the observable financial data of ASAT. The effective interest rate for the straight loan feature was estimated at 36% per annum at initial recognition.

The fair value of the conversion option of the convertible preferred shares and the warrants were determined by using binomial model.

Key inputs into the binomial model were as follows:

| | **At 30th April, 2009** | At 30th April, 2008 |
|---|---|---|
| Share price | **USD 0.065** | USD 0.35 |
| Volatility of share price | **150%** | 120% |
| Risk free rate | **0.91%** | 2.49% |
| Dividend yield | **0%** | 0% |
| Option life of conversion option | **2 years** | 3 years |
| Option life of warrants | **1.5 years** | 2.5 years |

As at 30th April, 2009, the fair values of the conversion option of the convertible preferred shares and the warrants valued by Vigers Appraisal & Consulting Limited, a firm of independent international assets valuers, amounted to approximately USD0.13 million (2008: USD1.5 million) or equivalent to approximately HK$1 million (2008: HK$12 million) and approximately USD0.02 million (2008: USD0.2 million) or equivalent to approximately HK$0.15 million (2008: HK$1 million) respectively, resulting in losses arising from changes in fair values of approximately HK$12 million (2008: HK$37 million) recognised in the consolidated income statement.

## 8. OTHER RECEIVABLE

On 20th February, 2009, the Group entered into an agreement to dispose of a wholly owned subsidiary, Talent Focus Industries Limited ("TFIL") and the disposal was completed before 30th April, 2009. TFIL has agreed with the Group to repay the outstanding amount due to the Group of HK$7 million, which is unsecured and interest-free, in seven monthly equal instalments from 1st September, 2010 to 31st March, 2011. The fair value of the other receivable at the date of disposal of TFIL was estimated to be HK$4 million which is determined based on a discount rate of 29.7%. The carrying amount at 30th April, 2009 included imputed interest of HK$1 million.

## 9. TRADE AND OTHER RECEIVABLES

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Trade receivables | **32** | 54 |
| Less: Allowance for bad and doubtful debts | **(1)** | (3) |
| | **31** | 51 |
| Proceeds receivable in respect of disposal of a subsidiary | | |
| – due within one year | **2** | – |
| Other receivables | **1** | 6 |
| | **34** | 57 |

The Group allows a credit period ranging from 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for bad and doubtful debts at the balance sheet date:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Within 30 days | **14** | 25 |
| Between 31 and 60 days | **7** | 15 |
| Between 61 and 90 days | **5** | 10 |
| Over 90 days | **5** | 1 |
| | **31** | 51 |

## 10. TRADE RECEIVABLE DUE FROM AN ASSOCIATE

The Group allows a credit period of 90 days to its associate. The following is an aged analysis of trade receivable due from an associate, which are non-interest bearing, at the balance sheet date:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| 0–90 days | **13** | 27 |

The trade receivable due from an associate is not past due at the balance sheet date. The Group does not hold any collateral over this balance.

## 11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables, based on the payment due dates, at the balance sheet date:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Trade payables | | |
| Within 30 days | **3** | 11 |
| Between 31 and 60 days | **2** | 5 |
| Between 61 and 90 days | **1** | 4 |
| Over 90 days | **2** | 8 |
| | **8** | 28 |
| Other payables | **5** | 10 |
| | **13** | 38 |

The credit period on purchases of goods is ranging from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

## 12. SHARE PREMIUM AND RESERVES

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'M*** | *HK$'M* |
| Share premium | **148** | 148 |
| Contributed surplus | **40** | 40 |
| Capital redemption reserve | **12** | 12 |
| Investment revaluation reserve | **2** | 16 |
| Share options reserve | **3** | 4 |
| Accumulated losses | **(193)** | (98) |
| | **12** | 122 |

## CHAIRMAN'S STATEMENT

On behalf of the Board, I hereby present to shareholders the results of the Group for the year ended 30th April, 2009.

### Results for the year

For the year ended 30th April, 2009, the Group reported turnover of HK$275 million (2008: HK$337 million), a decrease of HK$62 million or 18%. The decrease in turnover was partly due to the disposal of Talent Focus Industries Limited ("TFIL") on 20th February, 2009, formerly a wholly-owned subsidiary which ceased to contribute to group's turnover and share of loss since 1st November, 2008. The consolidated net loss of HK$96 million (2008: HK$44 million) is an increase of HK$52 million loss as compared with last year. The basic loss per share was HK$0.13 (2008: HK$0.06). EBITDA, computed as loss before tax plus depreciation, finance costs, impairment losses, share of loss of an associate, and losses arising from changes in fair value of derivative financial instruments, decreased to a loss of HK$2 million (2008: EBITDA of HK$58 million). The net debts gearing ratio was increased from 6% at the beginning of year to 25% at the balance sheet date given reduced net assets impacted by the impairment losses of HK$50 million (2008: HK$21 million).

### Performance Review

The business environment for the Group in the financial year ended 30th April, 2009 was exceptionally challenging. The Group encountered serious inflationary pressure characterized by high costs in copper and silver, increasing wages and electricity charges in mainland China in the first half of financial year 2009 and sharp drop of demand for semiconductor products followed by financial crisis in the second half of financial year 2009.

For the year ended 30th April, 2009, the Group recorded a turnover of HK$275 million representing a decrease of 18% as compared to its turnover of HK$337 million for the year ended 30th April, 2008. The decrease in turnover was attributable to rapid downturn in demand for semiconductor and electronic products in the second half of the financial year 2009 due to financial crisis in late 2008 and the disposal of TFIL, a formerly wholly owned subsidiary of the Company engaged in manufacture and sale of stamped leadframes and moulds on 20th February, 2009 to streamline our operation. The Company ceased to take up the share of loss of TFIL since 1st November, 2008. Excluding the disposal of TFIL, the turnover of the Group decreased by approximately 17.5% as compared with turnover for the financial year 2007/08. Adjusted loss for the year, after taking out the effects of the impairment loss on property, plant and equipment of HK$50 million (2008: HK$21 million) and the loss arising from change in fair value of derivative financial instruments of HK$12 million (2008: HK$37 million), would be HK$34 million(2008: profit of HK$14 million); reflecting an unfavourable business environment manifested by increased in wages, energy prices, metal costs and operating costs in mainland China impacting negatively on the Group's business operations and margins. Turnover generated from ASAT was maintained at 30% in the year under review (2008: 26%).

**Major associate – ASAT**

References are made to the Company's announcements dated 1st February, 3rd March, 2nd June and 2nd July, 2009 regarding ASAT, an approximately 43.22% owned associated company of the Company, entering into forbearance agreements with certain holders (the "Noteholders") of New ASAT (Finance)'s 9.25% Senior Notes due 2011 (the "Notes") and lenders (the "PMLA Lenders") in respect of a Purchase Money Loan Arrangement ("PMLA"), and reaching an agreement in principle with a majority of its creditors on the terms of a consensual financial restructuring of the obligations of New ASAT (Finance) under the Notes and ASAT under the PMLA.

ASAT announced, on 31st July, 2009, that it had received an extension of the forbearance period of an additional 30 consecutive days, commencing on 31st July, 2009 and expiring on 30th August, 2009 (the "Additional Forbearance Period"), under the forbearance agreements dated 2nd March, 2009 entered into with the Noteholders under the Notes issued by New ASAT (Finance) and the PMLA Lenders under the PMLA entered into by ASAT. Under the terms of the forbearance agreements, the lenders agreed to forbear from exercising their rights and remedies against ASAT arising out of certain designated defaults until 30th August, 2009, subject to certain early termination events. The same terms and conditions of the original forbearance period will stay in effect for the Additional Forbearance Period, except that the definition of "specified defaults" has been expanded to include the failure to pay interest on the Notes on 1st August, 2009 and to pay interest on the PMLA on 30th June, 2009.

Should ASAT be unable to maintain an adequate level of financing and/or suffer severe financial difficulties, this will have a material adverse impact on the sales, operations, overall results and prospects of the Group. Subsequent to the balance sheet date, the Group continued to make sales transactions to this associate, the management of the Group is closely monitoring the position to ensure that the associate will settle according to the agreed credit terms.

The Group held 43.22% (2008: 42.88%) of ASAT with nil carrying value as at 30th April, 2009 and 2008. The Group has continued not to recognise its share of losses of ASAT, except for any additional investment in ASAT comprising HK$5 million, as at 30th April, 2009 (30th April, 2008: HK$4 million), loan portion of convertible preferred shares in ASAT, which forms part of the investment in ASAT, and a receipt of preferred shares dividends during the year in the form of ordinary shares of ASAT to a value of approximately HK$4 million (2008: HK$8 million), received by the Group in respect of its holding of convertible preferred shares in ASAT, which carries a preference dividend 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 year ended 30th April, 2008 amounted to HK$43 million and the accumulated unrecognised share of losses amounted to HK$383 million as at 30th April, 2008. As ASAT has not, to the date of this announcement, published its financial statements for the year ended 30th April, 2009, the Group cannot determine the unrecognised share of ASAT's losses for the year ended 30th April, 2009 or its accumulated unrecognised share of ASAT's losses as at that date.

By reference to the closing price of an ADS of ASAT on the Over-the-Counter Bulletin Board/NASDAQ Market at the balance sheet date, the market value of ASAT attributable to the Group as at 30th April, 2009 was HK$12 million (2008: HK$59 million).

## Outlook

The outbreak of the financial crisis in the second half of 2008 brought tremendous challenges to the Group. Consumer confidence and spending in developed countries has been significantly reduced. To offset to this unprecedented challenge, the Group has taking serious measures to further reinforce its financial position. Management has remained focused on the efforts to streamline our operations to reduce costs, improve operating efficiencies and deliver quality products and shortened lead time solutions that offer value to our customers. This enables the Group to react proactively to the uncertain business environment. The Group also exercises tight control on implementation of any capital expenditure projects in a prudent manner. Despite the short-term difficulties, the Group is seeking to take advantage of perceived opportunities to expand our market share in targeted areas. The Group has experienced an uptrend in order placements from customers since May 2009 and this has triggered higher production output and utilisation since the commencement of current financial year.

By seeking to capitalize on market opportunities, the Group expects to achieve better financial performance when semiconductor and electronics markets stabilize and the economic recovery commences. Drawing on its competencies, the Group will nurture ties with customers to ensure that it has secured stable sources of revenue with satisfactory margins.

## Financial Review

During the year, the Group has repaid certain bank and other loans in a sum total of HK$13 million. As at 30th April, 2009, the Group's total outstanding debts of HK$31 million (2008: HK$33 million) comprised of HK$3 million (2008: HK$10 million) trust receipt loans and bill payables, HK$12 million (2008: HK$13 million) other secured bank loan, HK$6 million unsecured bank loan (2008: Nil) and HK$10 million (2008: HK$10 million) loan from a director. In terms of maturity, borrowings of HK$27 million (2008: HK$33 million) or 87% of the total debts will be repaid within one year (2008: 100% repayable within one year). In terms of interest bearing, HK$20 million (2008: HK$19 million) was interest bearing and HK$11 million (2008: HK$14 million) was interest free. In terms of currency denomination, approximately 10% (2008: 46%) was denominated in US Dollars ("USD"), approximately 38% (2008: 31%) was denominated in Renminbi ("RMB"), approximately 52% (2008: 23%) in HK Dollars.

As at 30th April, 2009, the fair values of the conversion option of the convertible preferred shares and the warrants valued by independent professional valuers amounted to approximately USD0.13 million (2008: USD1.5 million) or equivalent to approximately HK$1 million (2008: HK$12 million) and US$0.02 million (2008: USD0.2 million) or equivalent to approximately HK$0.15 million (2008: HK$1 million) respectively, resulting in losses arising from changes in fair values of approximately HK$12 million (2008: HK$37 million) recognised in the consolidated income statement.

## Distribution

The directors do not recommend the payment of a final dividend for the year (2008: Nil).

**Pledge of Assets**

At 30th April, 2009, plant and equipment with a carrying value of HK$24 million (2008: HK$29 million) were pledged to secure certain banking facilities and bank loan granted to the Group.

**Capital expenditure**

During the year ended 30th April, 2009, the Group invested HK$6 million (2008: HK$9 million) in acquiring property, plant and equipment. This capital expenditure was financed from internal resources.

**Employees and Emolument Policy**

At 30th April, 2009, the Group, other than ASAT, employed approximately 1,180 employees (2008: 1,880 employees). The Group maintained its remuneration policy comprising salary and other benefits including share option scheme as an integral part of the Total Quality Management.

The emoluments of the directors and senior management of the Company are determined by the Remuneration Committee and approved by the Board, having regard to their individual duties and responsibilities with the Company, remuneration benchmark in the industry and prevailing market conditions.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to building and maintaining high standards of corporate governance practices. The Company adopted its own Code on Corporate Governance Practices (the "QPL Code") incorporating the principles and code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A copy of the QPL Code is posted on the Company's website.

Throughout the year under review, the Company has applied the principles and complied with all the code provisions set out in the CG Code except for Code Provisions A.2 of the CG Code which stipulates that there should be a clear distinction between management of the Board and the day-to-day management of the Company's business, and that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Throughout the year under review and up to the date of this announcement, Mr. Li Tung Lok is the Chairman of the Board. Mr. Kwan Kit Tong Kevin had been the Chief Executive Officer until his resignation on 23rd December, 2008, and Mr. Li Tung Lok was appointed as new Chief Executive Officer on the same day. During the year under review, while Mr. Kwan Kit Tong Kevin was the Chief Executive Officer, Mr. Li Tung Lok participated in certain daily aspects of the Group's business, such as human resources and purchasing functions. Since his appointment as Chief Executive Officer, Mr. Li Tung Lok is responsible for overseeing the day-to-day management and operations of the Group's business. Being the founder of the Group and Chairman of the Board, Mr. Li Tung Lok's industry expertise and detailed understanding of the operations is highly regarded by the Company. Accordingly, vesting the roles of Chairman of the Board and Chief Executive Officer in Mr. Li Tung Lok adds significant value to the Company's business growth while enhancing the efficiency of decision-making process in response to the changing environment. Given all major decisions are reserved to the Board and a majority the Board members are independent non-executive Directors, the Company considers that there is adequate balance of power and authority in place between the Board and the management of the Company.

## BOARD OF DIRECTORS

### Board Composition

During the year under review and up to the date of this announcement, the Board consists of two executive Directors, one of whom is the founder of the Group and Chairman of the Board, and three non-executive Directors, all of whom are independent non-executive Directors.

*Executive Director and Chairman of the Board*
Li Tung Lok *(Chairman of the Board and Chief Executive Officer appointed on 23rd December, 2008)*

*Executive Director*
Phen Hoi Ping Patrick *(appointed on 23rd December, 2008)*
Kwan Kit Tong Kevin *(Chief Executive Officer and Group Financial Controller) (resigned on 23rd December, 2008)*

*Independent Non-executive Directors*
Robert Charles Nicholson
Sze Tsai To Robert
Wong Chun Bong Alex

## AUDIT COMMITTEE

Throughout the year under review and up to the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Mr. Sze Tsai To Robert (being the Chairman of the Audit Committee), Mr. Robert Charles Nicholson and Mr. Wong Chun Bong Alex. Mr. Sze Tsai To Robert and Mr. Wong Chun Bong Alex are qualified accountants with extensive experience in accounting, audit and financial matters.

The Audit Committee has reviewed with the management of the Company the accounting principles adopted by the Group and the audited consolidated financial statements for the year ended 30th April, 2009 as well as an independent internal control review report from an external firm of qualified accountants engaged during the year under review.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for dealings in the securities of the Company by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code and its code of conduct regarding directors' transactions throughout the year under review.

Further information on the CG Code will be set out in the Corporate Governance Report contained in the Company's 2009 Annual Report.

## DISCLOSURE PURSUANT TO CHAPTER 13 OF THE LISTING RULES

At 30th April, 2009, the Group has obtained secured borrowings of RMB10 million (approximately HK$12 million) requiring an undertaking from Mr. Li Tung Lok, a director and a substantial shareholder of the Company, to maintain no less than 20% of the issued shares of the Company throughout the loan period. Details are as follows:

| Type | Outstanding amount | Revised tenure |
|---|---|---|
| Secured short term loan | RMB10 million | 1 year ending in January 2010 |

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares and warrants.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.qpl.com). The Company's annual report for the year ended 30th April, 2009 containing all information required by the Listing Rules will be dispatched to shareholders and available on above websites in due course.

## APPRECIATION

On behalf of the board, I would like to take this opportunity to express our sincere gratitude to all staff for their dedication and good work to the Group in the last financial year. Further my appreciation goes to our loyal Group's customers, business associates and shareholders for their continual trust and support to the Group which are fundamentally essential to our future development.

By Order of the Board
**QPL International Holdings Limited**
**Li Tung Lok**
*Chairman*

Hong Kong, 26th August, 2009

*As at the date of this announcement, the board of directors of the Company comprises Li Tung Lok (Chairman and Executive Director), Phen Hoi Ping Patrick (Executive Director), Robert Charles Nicholson (Independent Non-executive Director), Sze Tsai To Robert (Independent Non-executive Director) and Wong Chun Bong Alex (Independent Non-executive Director).*