

QPL International (Holdings) Limited

品質國際集團有限公司



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Corporate Presentation

Updated on 23 February 2009



Interim Results for the year Ended 31st October 2008

	Year ended 31 October		Increase (Decrease)	
(HK\$'M)	2008	2007	Amount	%
Turnover	184	155	29	19
(Loss) profit for the period	(45)	2	(47)	(2,350)
(Loss) earning per share (HK\$)	(0.059)	0.003	(0.062)	(2,066)
	At 31 Oct 08	At 30 Apr 08		Decrease in %
Net debt gearing ratio (%) (Note)	14	14		0

Note: Net debt gearing ratio is defined as total debts, including borrowings, trust receipt loans and bill payables less bank balance and cash o over shareholders equity.



Business Highlights

- **Results for the year**
 - Sales increased by 19% or HK\$29M.
 - Loss for the period of HK\$45M comprised HK\$7M of losses arising from the changes in fair value of derivative financial instruments (“DFI”) and impairment loss on property, plant and equipment of HK\$20 million.
 - The changes in fair value of DFI was driven, among other factors, by changes in the underlying stock market price of ASAT between balance sheet dates
 - Basic EPS was -HK\$0.059. Net debt gearing maintained at 14%.



- **Performance Review**

- Group's margin was adversely affected by the increasing labour cost in PRC due to the continuing increase in the statutory minimum wage, the rising cost of raw materials such as copper and silver together with high inflation in the PRC leading to high operating and energy costs
- Group's loss also reflects the lack of gain on disposal of available-for-sale investments (2007: HK\$15million) in the period under review.
- Turnover of HK\$184 million for first half year ended 31st October, 2008 representing increase 19% as compared to corresponding period last year.



- **Major Associate – ASAT**

- Reported a net revenue increase by 17% to HK\$707 million
- Its China plant generated significant margin improvement narrowing its HK GAAP loss to HK117M as compared with loss of HK\$113M in last corresponding period
- The Group has continued to derecognise its share of losses of ASAT except for additional investment in ASAT in form of convertible preferred shares
- Share of ASAT's losses of HK\$6M mainly arising from the receipt of preferred shares dividend in form of ordinary shares of ASAT
- Unrecognized share of losses for the period and cumulatively amounted to HK\$45M and HK\$428M respectively
- Carrying value of interest in ASAT at 30th April 2008 was zero
- Market value of ASAT attributable to the Group at 31st October 2008 was HK\$27 M (30 Apr 2008: HK\$59M)
- 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 delisted from NASDAQ.



- **Improved Financial Structure**

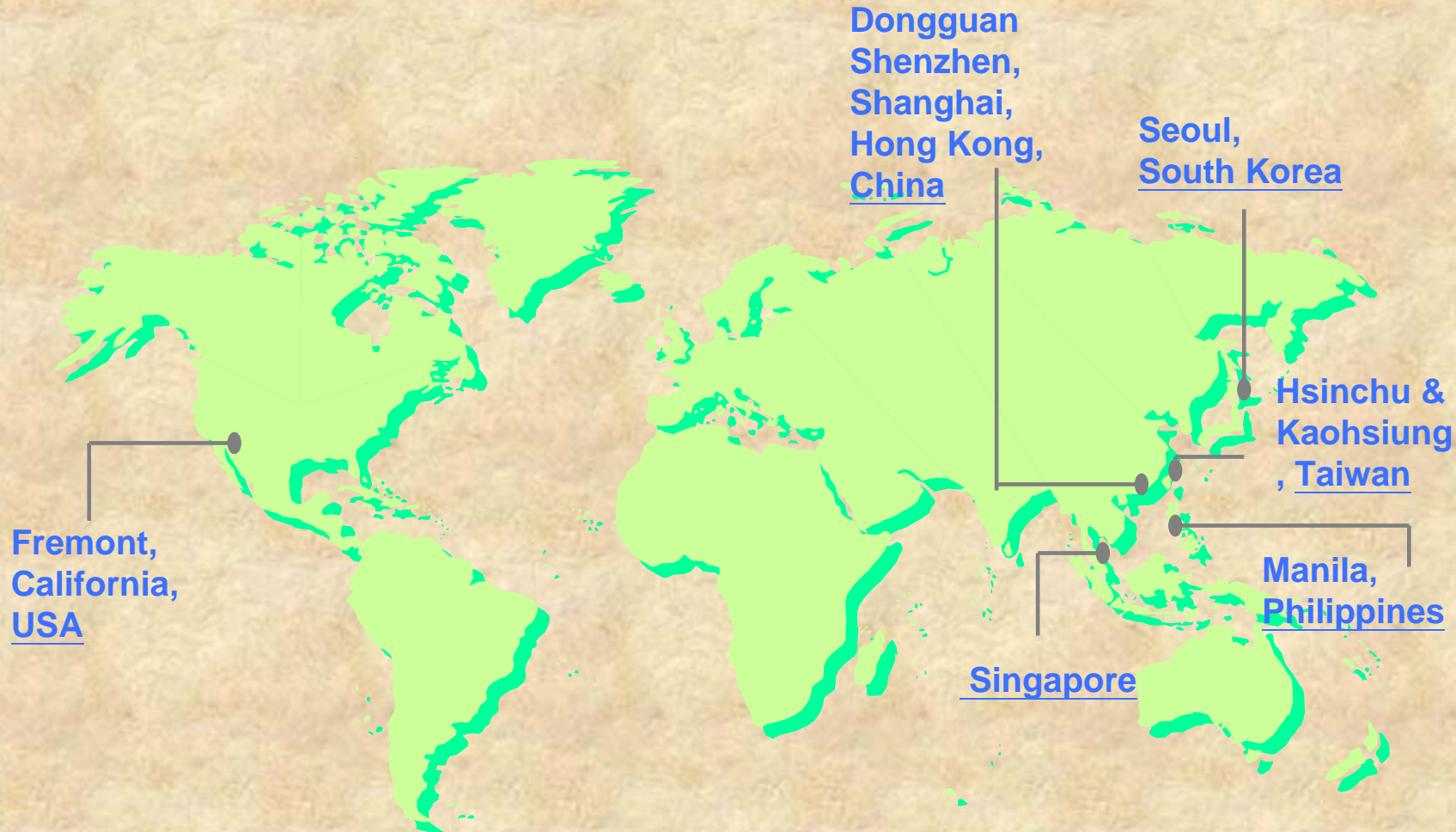
- Borrowings reduced to HK\$32M (30 Apr 2008: HK\$33M)
- Net debt gearing ratio maintained at 14% (30 Apr 2008: 14%)

- **Outlook**

- The global economic slowdown is expected to affect the Group's major markets in East Asia and PRC. The fall in consumer confidence and demand in electronic and semiconductor market is expected to materialise in the short run. The Group's sales in the second half of the financial year 2008/2009 will inevitably and adversely be affected.
- The Group will focus on enhancing operational efficiency, implementing cost controls and strengthened receivables collection controls.

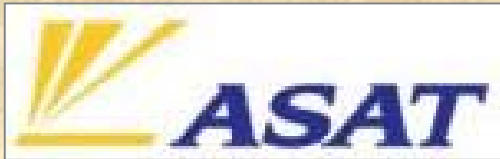


Global Servicing Network





Major Customers





QPL Chang An Factory

State-of-the-art Facility

- **Modern, efficient facility**
- **World-class waste-water treatment and recycling system**
- **Located 90 minutes from Hong Kong**



Reduced Cost Structure

- **Labour costs are less than 1/5 the cost in HK**
- **Water, waste treatment and other material purchase savings**



Capacity Expansions

- **Ability to meet customers' expansion requirements**
- **Ability to meet projected market share increase**
- **More than 300,000 sq. ft. of manufacturing space**



Favourable Cost of Entry

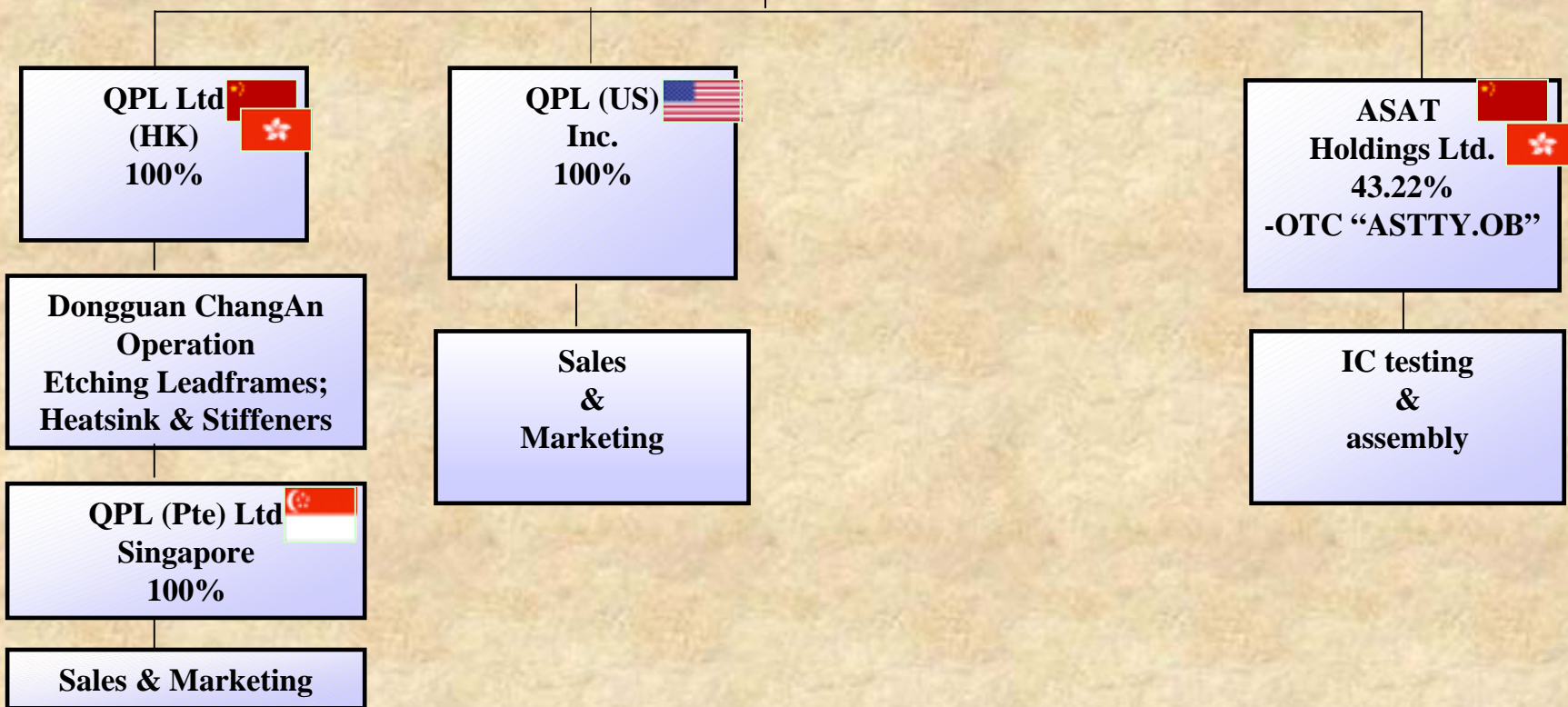
- **Stable labour, electricity and water supplies**
- **Local government support**
- **Production yields better than in HK**





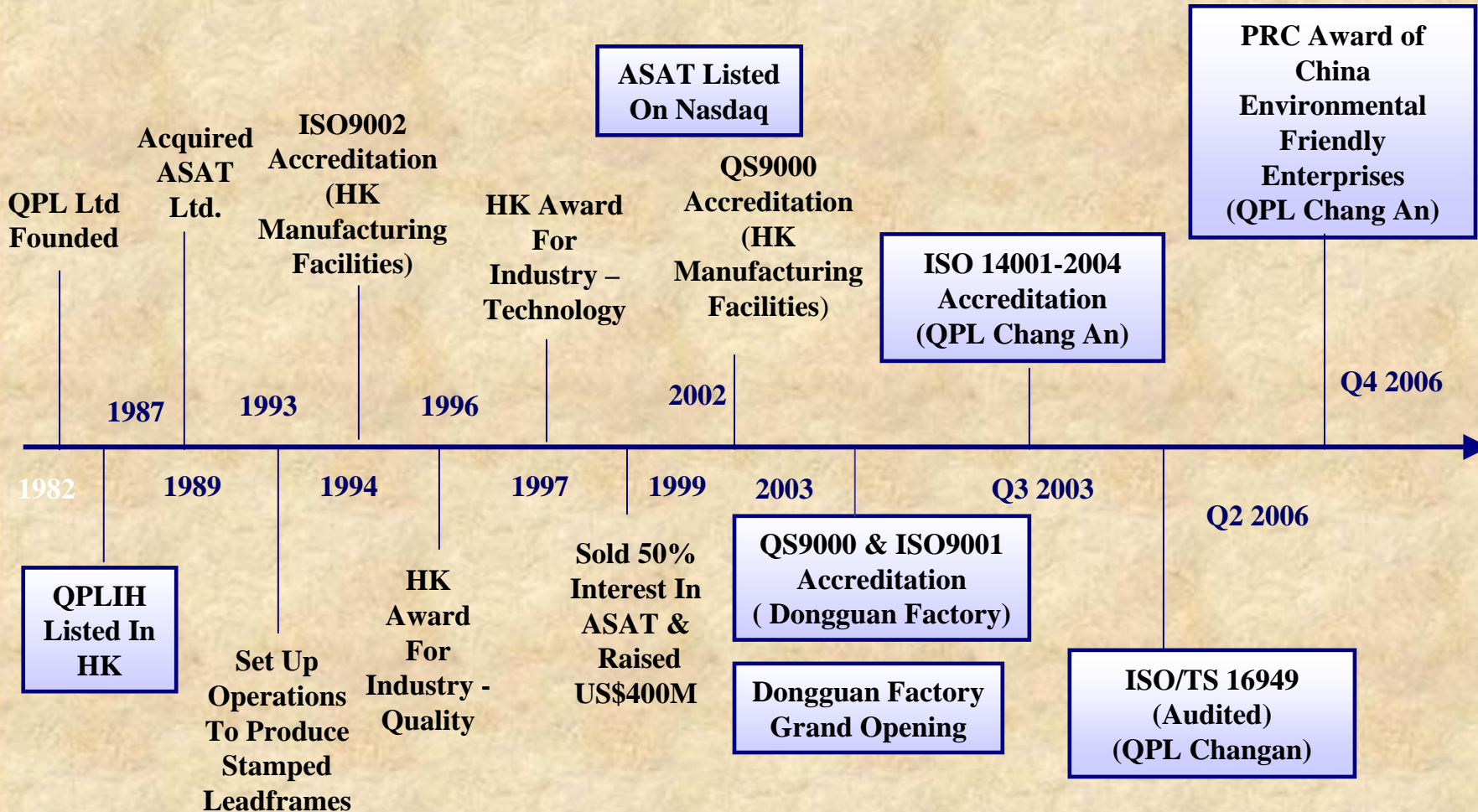
Organization Chart of QPLIH

QPL International Holdings Ltd 
- Listed in Hong Kong (stock code: 243)



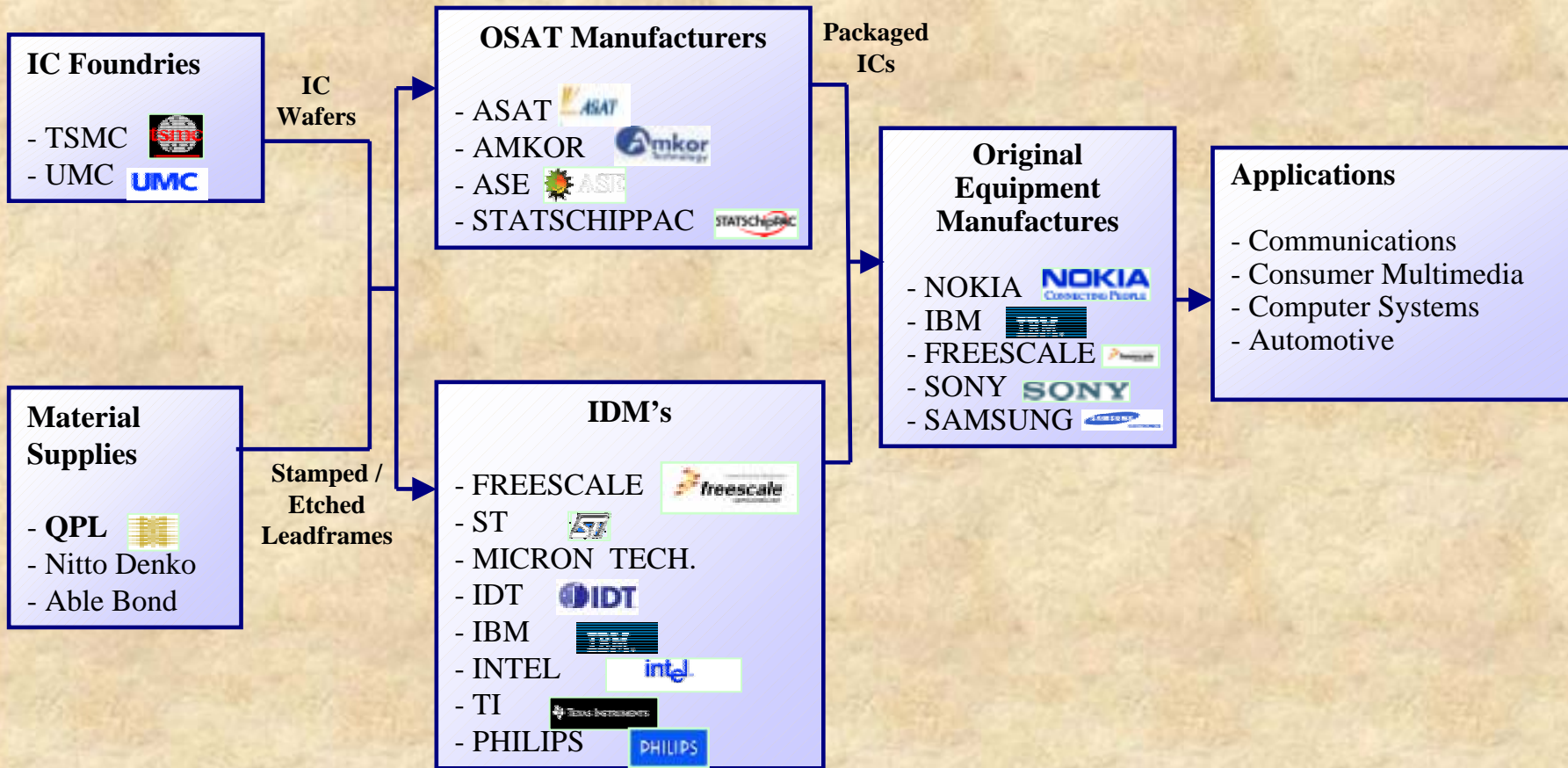


History Timeline





Semiconductor Value-Added Chain





QPL International (Holdings) Limited

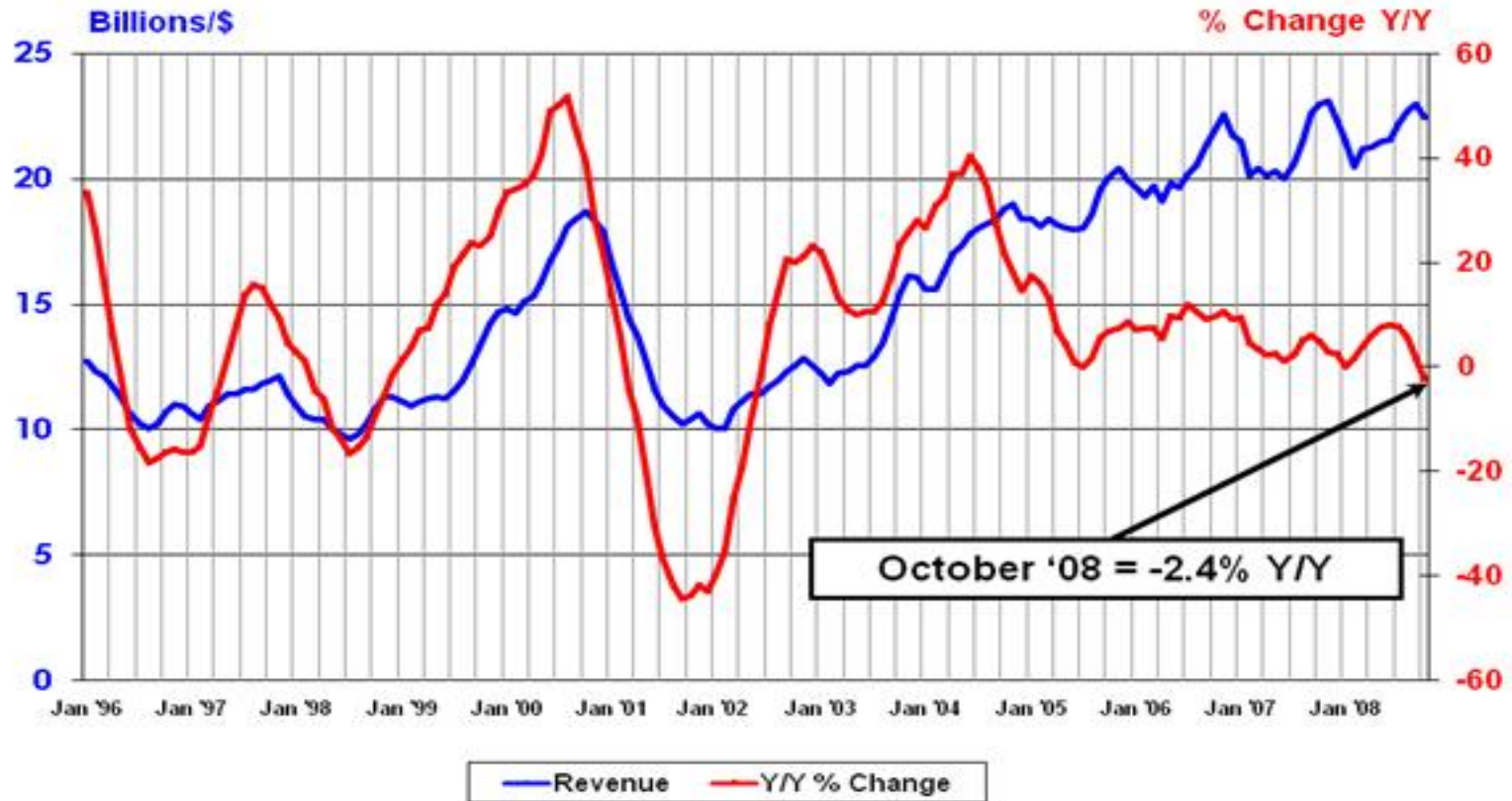
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Semiconductor Market



Worldwide Semiconductor Revenues

Year-to-Year Percent Change



Source: WSTS

Source: SIA, 10 Feb 2009



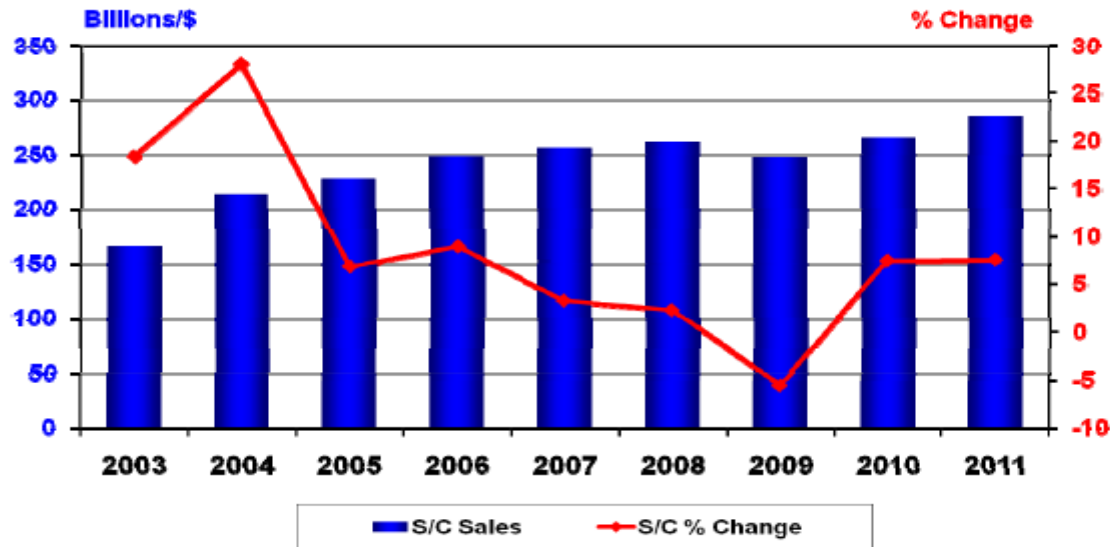
Semiconductor Industry Association (“SIA”)

Forecast for 2008 – 2011 in Nov 2008

“Semiconductor Sales Slowing - *Financial Turmoil Dampens Spending*”
said SIA on 19 Nov 2008

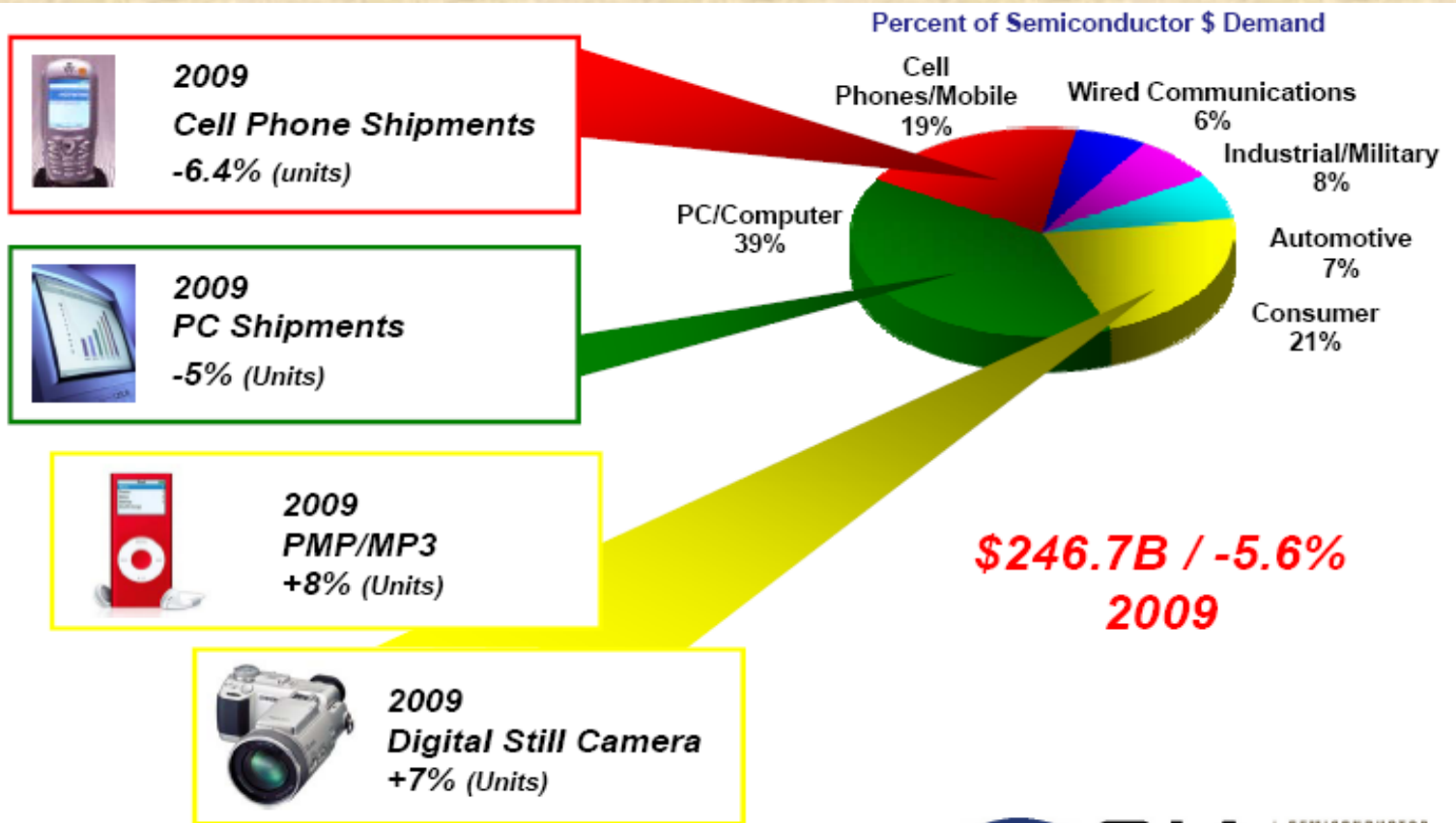
Forecast 2008 sales of US\$261.2B (i.e. +2.2% vs 07), 2009 sales will decline by 5.6% to US\$246.7B before resuming growth by 7.4% in 2010 to US\$264.9B and by 7.5% in 2011 to \$284.7B.”

Industry Revenue Growth: SIA Forecast





Semiconductor Demand Drivers: 2009 Change in major components

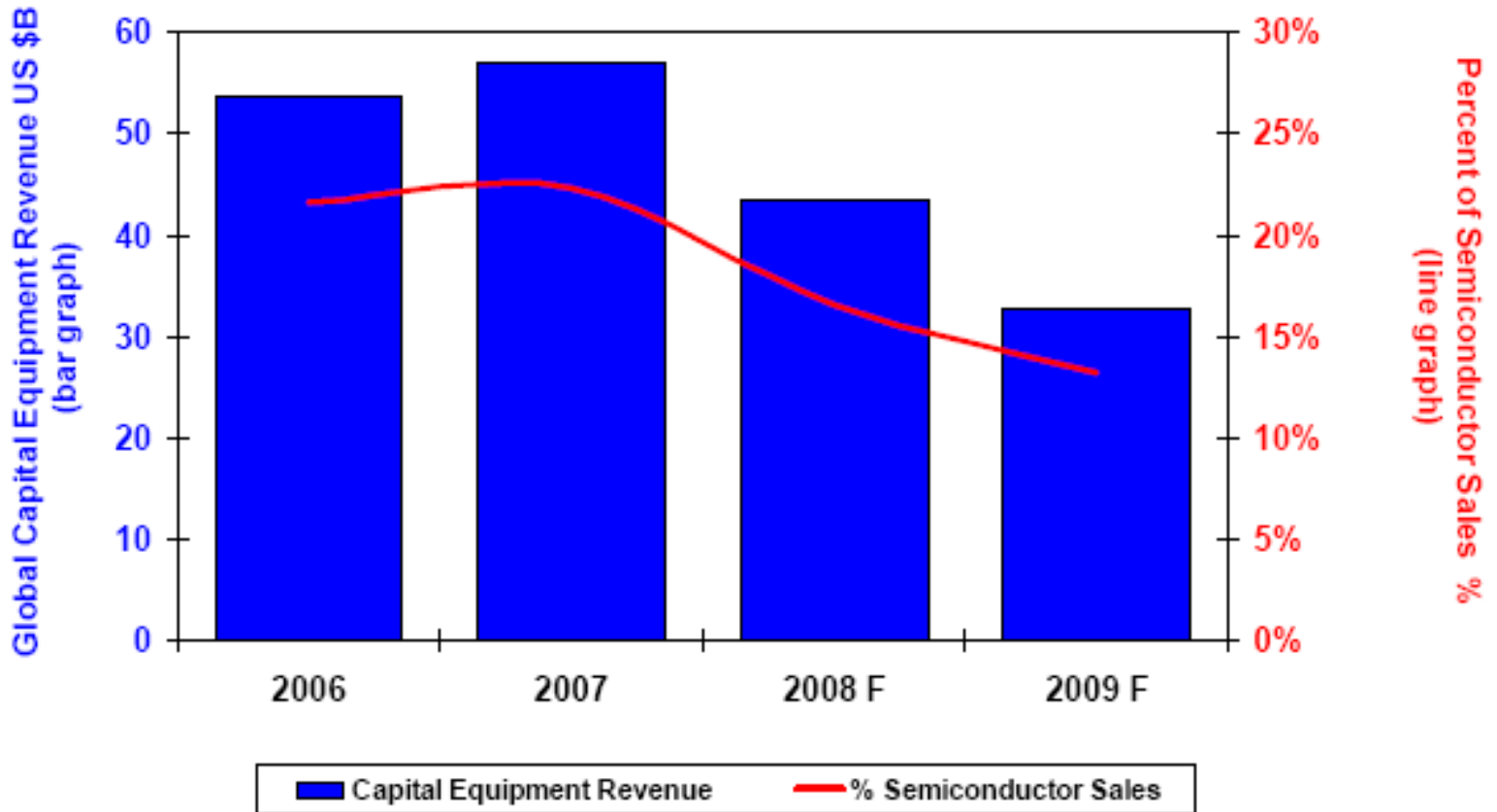


Sources: SIA Fall 2008 Forecast/iSuppli/ Deutsche Bank Securities Inc.
Note: Military is <1% and is included in Industrial.

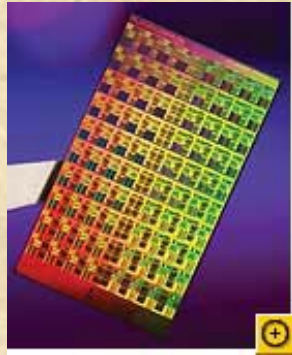




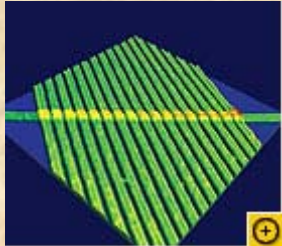
Semiconductor Capital Equipment Spending



NEW APPLICATION



32-core CPUs



The Next Big thing?
 The **memristor**



Gesture-based remote control



Windows 7: It's inevitable



Google's desktop OS



GPS is taking off, as phone makers, carriers and service providers



Cell phones are the new paper



Curtains for DRM



**Major Associate – ASAT
(QPLIH holds 43.22%)**



ASAT – Financial Information in US GAAP

(US\$'M)	Year ended 30 Apr 2008	Year ended 30 Apr 2007	Increase (Decrease)
Revenue	155.9	164.8	(5%)
Gross Profit	17.3	14.9	16%
EBDITA <small>(Earning before interest, taxes, depreciation& amortization)</small>	18.3	14.0	31%
Net loss attributable to equity holders	(25)	(35)	28.5%



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Thank You