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## **QPL INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 243)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2015**

The Board of Directors (the “Board” or “Directors”) of QPL International Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 April 2015 together with the comparative figures for the year ended 30 April 2014 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 30 APRIL 2015*

	<i>NOTES</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Turnover	3	<b>262,303</b>	262,714
Other income	4	<b>9,183</b>	5,415
Other gains and losses	4	<b>(533)</b>	7,101
Exchange loss, net		<b>(3,001)</b>	(1,006)
Changes in inventories of finished goods and work in progress		<b>52</b>	4,886
Raw materials and consumables used		<b>(122,682)</b>	(112,790)
Staff costs		<b>(80,621)</b>	(74,517)
Depreciation of property, plant and equipment		<b>(13,175)</b>	(13,256)
Impairment loss on property, plant and equipment		<b>(23,424)</b>	–
Fair value gain (loss) on derivative financial instrument		<b>1,805</b>	(3,679)
Other expenses		<b>(74,327)</b>	(71,436)
Interest on bank and other borrowings wholly repayable within five years		<b>(1,071)</b>	(733)
		<hr/>	<hr/>
(Loss) profit before taxation		<b>(45,491)</b>	2,699
Taxation	5	<b>(1,245)</b>	(1,044)
		<hr/>	<hr/>
(Loss) profit for the year	6	<b>(46,736)</b>	1,655
		<hr/>	<hr/>
<b>Other comprehensive income (expense):</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>16</b>	(26)
Net gain on fair value changes of available-for-sale investment		–	2,825
Cumulative fair value change of available-for-sale investment recycled to profit or loss upon disposal		–	(6,983)
		<hr/>	<hr/>
Other comprehensive income (expense) for the year		<b>16</b>	(4,184)
		<hr/>	<hr/>
Total comprehensive expense for the year		<b>(46,720)</b>	(2,529)
		<hr/> <hr/>	<hr/> <hr/>
<b>(Loss) earnings per share</b>	8		
Basic and diluted		<b>(HK6.09 cents)</b>	HK0.22 cent
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 APRIL 2015

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		33,043	58,955
Advance payment for acquisition of property, plant and equipment		—	533
		<u>33,043</u>	<u>59,488</u>
<b>Current assets</b>			
Inventories		30,691	35,168
Trade and other receivables	9	50,013	71,039
Deposits and prepayments		5,052	3,836
Bank balances and cash		4,686	9,600
		<u>90,442</u>	<u>119,643</u>
<b>Current liabilities</b>			
Trade and other payables	10	34,721	35,060
Trust receipt loans and bills payable		4,646	3,410
Deposits and accrued expenses		23,810	20,484
Taxation payable		926	746
Bank overdraft		—	212
Bank and other borrowings	11	29,763	39,886
Derivative financial instrument	12	1,162	4,156
		<u>95,028</u>	<u>103,954</u>
<b>Net current (liabilities) assets</b>		<u>(4,586)</u>	<u>15,689</u>
		<u><u>28,457</u></u>	<u><u>75,177</u></u>
<b>Capital and reserves</b>			
Share capital		61,390	61,390
Share premium and reserves		(32,934)	13,786
<b>Equity attributable to owners of the Company</b>	13	<u>28,456</u>	<u>75,176</u>
<b>Non-current liabilities</b>			
Deferred taxation		1	1
		<u>1</u>	<u>1</u>
		<u><u>28,457</u></u>	<u><u>75,177</u></u>

## NOTES:

### 1. BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Group's consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Company Ordinance (Cap. 32), in accordance with transitional and saving arrangements for part 9 of the Hong Kong Companies Ordinance (Cap. 622).

The Group's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

### 2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

## 2. APPLICATION OF NEW AND REVISED HKFRSs – continued

### New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>4</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>4</sup>
Amendments to HKAS 1	Disclosure initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>4</sup>
Amendments to HKAS 19	Defined benefit plans: Employee contributions <sup>3</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>4</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle <sup>5</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle <sup>3</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

## 3. TURNOVER AND SEGMENTAL INFORMATION

### Turnover

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

### Segmental information

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance focuses on the location of customers.

The customers of the Group are currently located in the United States of America (the “USA”), Hong Kong, Europe, the People’s Republic of China (the “PRC”), Philippines, Malaysia, Singapore, Thailand and other countries (which represented aggregation of other non-reportable operating segments under HKFRS 8).

### 3. TURNOVER AND SEGMENTAL INFORMATION – continued

#### Segmental information – continued

##### Segment revenues and results

The following is an analysis of the Group's turnover and results by reportable segment:

	Turnover		Segment results	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
The USA	60,800	61,938	(890)	4,236
Hong Kong	1,770	2,709	(38)	295
Europe	3,167	4,108	(62)	294
The PRC	100,659	98,474	(2,070)	5,605
Philippines	37,625	26,240	(729)	1,819
Malaysia	19,920	17,429	(388)	1,208
Singapore	11,157	20,005	(217)	1,386
Thailand	16,966	19,330	(330)	1,340
Reportable segment total	252,064	250,233	(4,724)	16,183
Other countries	19,924	18,137	(177)	1,258
	271,988	268,370	(4,901)	17,441
Eliminations	(9,685)	(5,656)	–	–
Group's turnover and segment results	<u>262,303</u>	<u>262,714</u>	(4,901)	17,441
Depreciation of property, plant and equipment			(13,175)	(13,256)
Net gain on disposal of property, plant and equipment			–	118
Gain on disposal of available-for-sale investment			–	6,983
Fair value gain (loss) on derivative financial instrument			1,805	(3,679)
Write off of advance payment for acquisition of property, plant and equipment			(533)	–
Impairment loss of property, plant and equipment			(23,424)	–
Unallocated interest income			5	5
Unallocated corporate expenses			(4,197)	(4,180)
Interest on bank and other borrowings wholly repayable within five years			(1,071)	(733)
(Loss) profit before taxation			<u>(45,491)</u>	<u>2,699</u>

### 3. TURNOVER AND SEGMENTAL INFORMATION – continued

#### Segmental information – continued

##### *Segment revenues and results – continued*

Included in the USA, PRC and other countries reportable segments are revenue from inter-segments of HK\$3,340,000 (2014: HK\$4,737,000), HK\$1,804,000 (2014: HK\$919,000) and HK\$4,541,000 (2014: nil), respectively.

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment profit represents the profit from each segment without allocation of corporate expenses which include directors' remuneration, depreciation expenses, net gain on disposal of property, plant and equipment, gain on disposal of available-for-sale investment, fair value gain (loss) on derivative financial instrument, impairment loss of property, plant and equipment, write-off of advance payment for acquisition of property, plant and equipment, interest income on bank deposits and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

##### *Segment assets*

The follows is an analysis of the Group's assets by reportable segment:

##### Segment assets

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The USA	9,519	16,355
Hong Kong	1,050	1,379
Europe	433	526
The PRC	20,150	28,466
Philippines	6,462	7,891
Malaysia	3,200	2,802
Singapore	2,064	4,977
Thailand	2,900	4,585
	<hr/>	<hr/>
Reportable segment total	45,778	66,981
Other countries	4,235	4,058
	<hr/>	<hr/>
	50,013	71,039
Unallocated		
Property, plant and equipment	33,043	58,955
Inventories	30,691	35,168
Bank balances and cash	4,686	9,600
Advance payment for acquisition of property, plant and equipment	–	533
Other unallocated assets	5,052	3,836
	<hr/>	<hr/>
Consolidated total assets	<b>123,485</b>	<b>179,131</b>

### 3. TURNOVER AND SEGMENTAL INFORMATION – continued

#### Segmental information – continued

##### *Segment assets – continued*

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than property, plant and equipment, advance payment for acquisition of property, plant and equipment, inventories, deposits and prepayments, and bank balances and cash. No segment information on liabilities is presented as such information is not regularly reported to the CODM for the purpose of resource allocation and performance assessment.

*Other segment information regularly provided to the CODM but not included in the measurement of segment result*

	<b>Depreciation of property, plant and equipment</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
The USA	<b>2,785</b>	2,852
Hong Kong	<b>94</b>	142
Europe	<b>161</b>	206
The PRC	<b>4,949</b>	4,913
Philippines	<b>1,913</b>	1,334
Malaysia	<b>1,014</b>	886
Singapore	<b>568</b>	1,017
Thailand	<b>864</b>	983
	<hr/>	<hr/>
Reportable segment total	<b>12,348</b>	12,333
Other countries	<b>827</b>	923
	<hr/>	<hr/>
	<b>13,175</b>	13,256
	<hr/> <hr/>	<hr/> <hr/>

Depreciation of property, plant and equipment is allocated to reportable segments according to the proportion of turnover generated in respective reportable segments.

##### *Geographical information by location of assets*

The Group's non-current assets other than financial instruments of HK\$33,043,000 (2014: HK\$59,488,000) are located in the PRC.



#### 4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Other income</b>		
Sales of by-products and scrap	9,124	5,290
Interest income	5	5
Sundry income	54	120
	<u>9,183</u>	<u>5,415</u>
<b>Other gains and losses</b>		
Net gain on disposal of property, plant and equipment	–	118
Gain on disposal of available-for-sale investment	–	6,983
Write off of advance payment for acquisition of property, plant and equipment	(533)	–
	<u>(533)</u>	<u>7,101</u>

#### 5. TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
PRC Enterprise Income Tax	1,245	1,041
Underprovision in prior year:		
Other jurisdiction	–	3
	<u>1,245</u>	<u>1,044</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising from Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

## 6. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting) the following items:

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Staff costs ( <i>Note (i)</i> )	<b>80,621</b>	74,517
Repair and maintenance expenses	<b>10,972</b>	10,786
Impairment for (reversal of impairment for) inventories (included in raw materials and consumables used) ( <i>Note (ii)</i> )	<b>233</b>	(659)
Reversal of impairment for bad and doubtful debts, net	<b>(35)</b>	(20)
Auditor's remuneration	<b>1,000</b>	1,000
Operating lease rentals in respect of premises ( <i>Note (iii)</i> )	<b>11,557</b>	7,427
	<b><u>          </u></b>	<b><u>          </u></b>

Notes:

- (i) Directors' emoluments are included in the above staff costs.
- (ii) During the year ended 30 April 2014, certain slow moving inventories which were previously written down have been utilised and the original costs of these inventories are considered recoverable, resulted in the reversal of allowance for inventories.
- (iii) During the year ended 30 April 2014, the Group and the landlord of a leased premise located at Dongguan City of the PRC agreed to early terminate the lease agreement signed on 8 September 2000 with a lease term up to year 2021. Accordingly, the accrued rent amounting to HK\$2,765,000 in respect of unamortised incentive arising from the rent free period arrangement under such lease agreement was credited to profit or loss.

## 7. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year ended 30 April 2015 (2014: nil).

## 8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	<b>2015</b>	2014
	<i>HK\$</i>	<i>HK\$</i>
(Loss) profit for the year attributable to the owners of the Company for the purposes of basic and diluted (loss) earnings per share	<b><u>(46,736,000)</u></b>	<u>1,655,000</u>
	<b>2015</b>	2014
Number of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share	<b><u>767,373,549</u></b>	<u>767,373,549</u>

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of the share options of the Company are higher than the average market price per share for the years ended 30 April 2015 and 2014.

## 9. TRADE AND OTHER RECEIVABLES

	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>49,543</b>	70,604
Less: Allowance for bad and doubtful debts	<b>(93)</b>	(128)
	<b><u>49,450</u></b>	<u>70,476</u>
Others receivables	<b>563</b>	563
	<b><u>50,013</u></b>	<u>71,039</u>

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 presented based on the invoice date at the end of the reporting period:

	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<b>20,615</b>	30,794
Between 31 and 60 days	<b>16,242</b>	25,090
Between 61 and 90 days	<b>6,540</b>	13,115
Over 90 days	<b>6,053</b>	1,477
	<b><u>49,450</u></b>	<u>70,476</u>

## 9. TRADE AND OTHER RECEIVABLES – continued

Before accepting any new customer, the Group will apply an internal credit assessment policy to assess the potential customer's credit quality and define credit limits by customer. Management closely monitors the credit quality of trade receivables. Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$15,449,000 (2014: HK\$22,021,000) which are past due at the reporting date for which the Group has not provided for impairment loss, as there are no significant changes in credit quality of these debtors and the amounts are still considered recoverable based on historical payment experience or such balances were subsequently settled by debtors. The Group does not hold any collateral or credit enhancements over these balances.

### Transfer of financial assets

The Group has arrangement with a bank to transfer to the bank its contractual rights to receive cash flows from certain trade receivables. The arrangement is made through transferring those trade receivables, without discounting, to the bank on a full recourse basis. Specifically, if the trade receivables are not paid after the due date, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the trade receivables amounting approximately HK\$36,611,000 (2014: HK\$51,619,000) and has recognised the cash received on the transfer as collateralised bank borrowings (see note 11) of approximately HK\$29,047,000 (2014: HK\$38,937,000) as at 30 April 2015.

These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Carrying amount of transferred assets	<b>36,611</b>	51,619
Carrying amount of associated liabilities	<b>(29,047)</b>	(38,937)
Net position	<b><u>7,564</u></b>	<u>12,682</u>

## 10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables		
Within 30 days	6,074	6,484
Between 31 and 60 days	4,029	5,720
Between 61 and 90 days	2,162	2,762
Over 90 days	9,487	7,293
	<u>21,752</u>	<u>22,259</u>
Other payables	12,969	12,801
	<u>34,721</u>	<u>35,060</u>

The credit period on purchases of goods is ranging from 30 to 90 days.

## 11. BANK AND OTHER BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Collateralised bank borrowings ( <i>Note a</i> )	29,047	38,937
Borrowings from a director ( <i>Note b</i> )	716	949
	<u>29,763</u>	<u>39,886</u>
Carrying amount shown under current liabilities:		
Repayable on demand or within one year	<u>29,763</u>	<u>39,886</u>

*Notes:*

- (a) The collateralised bank borrowings are bank advance from the factoring of the Group's trade receivables and carry interest at USD trade finance rate minus 0.5% per annum and are repayable within one year but contain a repayable on demand clause.
- (b) The borrowings are advanced from Mr. Li, a director and a shareholder of the Company with significant influence over the Company, and are interest-free and unsecured. The Group had voluntarily repaid HK\$233,000 (2014: HK\$5,580,000) to Mr. Li during the year ended 30 April 2015. Subsequent to 30 April 2015, Mr. Li has made an interest-free advance of HK\$30,000,000 to the Group.

## 12. DERIVATIVE FINANCIAL INSTRUMENT

	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Derivative financial liability:		
Structured foreign currency forwards contract	<b>1,162</b>	4,156

During the year ended 30 April 2014, the Group entered into a RMB/USD net-settled structured foreign currency forwards contracts (the “Contract A”) with a bank in order to manage the Group’s currency risk.

The aggregate notional amount of the Contract A is USD14,400,000 with 18 equal monthly settlements commencing from May 2014 without considering the potential knock out feature which may result in early termination of the contract. For the transactions that are going to settle in the first 10 months of the contract period, the Group is required to sell USD and buy RMB at a strike price of RMB6.08 to USD1.00. There will be no settlement when the spot rate at respective settlement date is within the range from RMB6.08 to RMB6.18 for USD1.00. For the transactions in remaining contract term, the Group is required to sell USD and buy RMB at a strike price of RMB6.055 to USD1.00. There will be no settlement when the spot rate at respective settlement date is within RMB6.055 to RMB6.15 for USD1.00. The Contract A contains a knock out feature where the accumulative monthly gain by the Group from it has reached RMB296,000 on any monthly settlement date, the remaining monthly settlement of the Contract A would be automatically terminated on that date.

### 13. EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i> <i>(Note a)</i>	Capital redemption reserve <i>HK\$'000</i> <i>(Note b)</i>	Investment revaluation reserve <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2013	61,390	147,812	40,475	12,310	4,158	2,540	294	(191,274)	77,705
Profit for the year	-	-	-	-	-	-	-	1,655	1,655
Other comprehensive expense for the year	-	-	-	-	(4,158)	-	(26)	-	(4,184)
Total comprehensive (expense) income for the year	-	-	-	-	(4,158)	-	(26)	1,655	(2,529)
Forfeiture of share options	-	-	-	-	-	(514)	-	514	-
At 30 April 2014	61,390	147,812	40,475	12,310	-	2,026	268	(189,105)	75,176
Loss for the year	-	-	-	-	-	-	-	(46,736)	(46,736)
Other comprehensive income for the year	-	-	-	-	-	-	16	-	16
Total comprehensive income (expense) for the year	-	-	-	-	-	-	16	(46,736)	(46,720)
Lapse of share options	-	-	-	-	-	(2,026)	-	2,026	-
At 30 April 2015	61,390	147,812	40,475	12,310	-	-	284	(233,815)	28,456

*Notes:*

- (a) Contributed surplus represents the excess of the net assets of subsidiaries acquired over the nominal value of the Company's shares issued as consideration.
- (b) Capital redemption reserve represents the excess of the consideration paid for repurchase of the Company's ordinary shares over the par value of respective repurchased shares.

#### 14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities.

**(i) Fair value of the Group's financial liability that is measured at fair value on a recurring basis**

The Group's financial liability at FVTPL is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial instrument is determined.

Financial liability	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	2015	2014		
Structured foreign currency forwards contract	HK\$1,162,000	HK\$4,156,000	Level 2	Valuation techniques: Discounted cash flow and option pricing model  Key inputs: Forward exchange rate, contracted exchange rate and discount rate

There was no transfer between instrument in Level 1 and 2 in both years.

**(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis**

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cashflow analysis.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities carried at amortised cost approximate their respective fair values.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Results**

For the fiscal year under review, the Group reported a turnover of HK\$262,303,000, representing a slightly decrease of 0.2% as compared with HK\$262,714,000 for the previous year. The Group's consolidated loss for the year amounted to HK\$46,736,000 as compared with a consolidated profit of HK\$1,655,000 for the previous year. Basic loss per share was HK6.09 cents (2014: earning per share of HK0.22 cent.) EBITDA, computed as (loss) profit before tax excluding depreciation, finance costs, impairment loss and fair value gain (loss) on derivative financial instrument, amounted to a loss of HK\$9,626,000 (2014: EBITDA of earning of HK\$20,367,000).

### **Dividend**

The Directors do not recommend the payment of a dividend for the year (2014: nil).

### **Business Review**

During the year under review, the Group was suffered from unfavourable business environment together with increased in wages and operating costs in the People's Republic of China had a negative impact on the Group's business operations and margins.

During the year, staff costs increased by 8.2% to HK\$80,621,000 (2014: HK\$74,517,000) representing 30.7% of the Group's turnover. Other expenses increased by 4.0% to HK\$74,327,000 (2014: HK\$71,436,000) representing 28.3% of the Group's turnover during the year. The Group will continue to monitor the market and consequently adjust its labour force and labour structure in order to achieve a better staff mix to enhance labour efficiency. The Group will also continuously tighten its expenditure in its efforts to minimize the impact of increasing factory operating costs.

Besides, the financial results of the Group were also affected by the non-cash expense of an impairment loss on property, plant and equipment of HK\$23,424,000 (2014: nil) during the year under review due to the expected deterioration in the long-term profitability of the Group's business.

### **Liquidity and Financial Resources**

The Group's bank balances and cash amounted to HK\$4,686,000 as at 30 April 2015 (2014: HK\$9,600,000). To finance its working capital, the Group has incurred total outstanding debts of HK\$30,858,000 as at 30 April 2015 (2014: HK\$40,796,000), which comprised HK\$1,095,000 (2014: HK\$698,000) of trust receipt loans, HK\$29,047,000 (2014: HK\$38,937,000) of collateralised bank borrowings, nil of bank overdraft (2014: HK\$212,000) and a HK\$716,000 (2014: HK\$949,000) loan from a director. In terms of interest costs, HK\$30,142,000 (2014: HK\$39,847,000) was interest bearing and HK\$716,000 (2014: HK\$949,000) was interest free.

The net debt gearing ratio was 92.0% as at 30 April 2015 (2014: 41.5%).

### **Foreign Exchange Exposure**

The Group's transactions and monetary assets are primarily denominated in Hong Kong dollars, US dollars and Renminbi. The fluctuations in currency exchange rates during the year ended 30 April 2015 did not adversely effect the Group's operations or liquidity.

During the year under review, the Group entered into several foreign exchange contracts to manage the currency exchange risk of Renminbi against US dollars. All these foreign exchange contracts were entered into to hedge against the Group's exposure to currency fluctuations and it is the policy of the Group not to enter into any derivative contracts purely for speculative activities. Fair value gain on derivative financial instrument was HK\$1,805,000 (2014: loss of HK\$3,679,000) for the year.

### **Pledge of Assets**

As at 30 April 2015, trade receivables with a carrying amount of approximately HK\$36,611,000 (2014: HK\$51,619,000) were pledged to secure bank borrowings granted to the Group.

### **Capital Expenditure**

During the year ended 30 April 2015, the Group invested HK\$10,687,000 (2014: HK\$15,117,000) in acquiring property, plant and equipment. This capital expenditure was financed mainly from internal financial resources.

### **Employees and Emolument Policy**

As at 30 April 2015, the total number of employees of the Group was approximately 1,010 (2014: 990). The Group maintains its emolument policy to ensure that employee remuneration is commensurate with job nature, qualifications and experience. The Group continues to offer competitive remuneration packages, share options and other benefits to eligible staff, based on the performance of the Group and of individual employees.

### **Events after the end of the reporting period**

On 5 May 2015, the Group received an additional loan of HK\$30,000,000 from Mr. Li, a director and a shareholder of the Company with significant influence over the Company. The amount is interest free and unsecured.

On 2 June 2015, the Company and the Placing Agent, Astrum Capital Management Limited (“Astrum Capital”), entered into a placing agreement pursuant to which Astrum Capital agreed to place, to not less than six independent placees, up to 153,470,000 new shares at a price of HK\$0.56 per placing share. The placing shares were issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 18 September 2014. The Directors believed that the placing strengthened the financial position of the Group and broadened the shareholders’ base and capital base of the Company. The placing completed on 16 June 2015, and the net proceeds of the placing were approximately HK\$84,600,000. The Group is using, and will continue to use, the net proceeds for general working capital of the Group.

### **Prospects**

In order to improve the Group’s operational performance, the Group will continue to implement plans to increase its production efficiency and capacity. The Group proposes to seek opportunities to acquire land, plant and machinery for the construction of an additional factory and environmental protection facilities. In order to improve the Group’s competitiveness and fulfill different production requirements, the Group intends to deploy resources to upgrade and restructure existing plants and machineries.

The Group will continue to strengthen its engineering and production departments in order to maintain its competitive edges for short lead times and high production planning flexibility. These competitive edges will enable the Group to serve its customers better and should expand the Group’s market share.

In addition, the Group will continue to explore other business opportunities with a view to generating improved returns to our shareholders.

### **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to building and maintaining best practice standards of corporate governance. The corporate governance principles of the Company emphasise a quality Board, effective internal controls, stringent disclosure practices and transparency, independence and accountability to all Shareholders.

The Company has adopted its own Code on Corporate Governance Practices (the “QPL Code”) incorporating the principles and code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules on the Stock Exchange. A copy of the QPL Code is posted on the Company’s website ([www.qpl.com](http://www.qpl.com)).

For the year ended 30 April 2015, the Company has applied the principles and complied with all code provisions set out in the CG Code except for the deviations explained in the relevant paragraphs below.

### **Chairman and Chief Executive**

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Li Tung Lok has been the Chairman of the Board since the establishment of the Company in January 1989. Mr. Li has also served as the Chief Executive since January 1989 (except for the period from February 2004 to December 2008). Being the founder of the Group, Mr. Li's industry expertise and detailed understanding of the Company's operations is highly regarded by the Company. Accordingly, vesting the roles of Chairman of the Board and Chief Executive in Mr. Li adds significant value to the Company's business growth while enhancing the efficiency of the decision-making process in response to the changing environment. Given all major decisions are reserved to the Board and three out of seven Board members are independent non-executive Directors, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company.

### **Appointment, Retirement and Re-election of Directors**

Code Provision A.4.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the bye-laws of the Company, half of the Directors (excluding Director(s) holding office as executive chairman and/or managing director, who is/are, by virtue of Bermuda law, exempted from retirement by rotation) shall retire from office at each annual general meeting of the Company and shall be eligible for re-election. As the executive Chairman of the Board, Mr. Li Tung Lok is not subject to retirement by rotation. In order to comply with Code Provision A.4.2, Mr. Li Tung Lok has agreed to voluntarily retire and be re-elected at least once every three years. At the 2012 annual general meeting of the Company held on 18 September 2012, Mr. Li voluntarily retired from office and was re-elected as executive Director.

The Company currently does not have a Director holding office as its managing director.

### **Attend the Annual General Meeting**

Code provision A.6.7 and E.1.2 of the CG Code stipulates that the Chairman of the Board and all non-executive Director should attend annual general meetings of the Company.

Owing to the business engagements, the Chairman of the Board, Mr. Li Tung Lok, and an independent non-executive Director, Mr. Chan Kin Fung Phil, were unable to attend the annual general meeting of the Company held on 18 September 2014.

## **AUDIT COMMITTEE**

The Audit Committee was established in April 2000 pursuant to the then Code of Best Practice of the Listing Rules.

As at the date of this announcement, the Audit Committee has consisted of three independent non-executive Directors, namely, Mr. How Sze Ming (being the Chairman of the Audit Committee), Mr. Lee Kwok Wan and Mr. Yau Chi Hang. Mr. How Sze Ming and Mr. Lee Kwok Wan are qualified accountants with extensive experience in accounting, audit and financial matters.

The terms of reference of the Audit Committee are consistent with those set out in the CG Code. The terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange and also available from the Company Secretary on request.

The major roles and functions of the Audit Committee include:

- overseeing the relationship between the Group and its external auditor;
- reviewing the appointment of the external auditor to ensure continuing auditor's independence;
- reviewing the Group's preliminary results, interim results and annual financial statements;
- monitor the corporate governance of the Group including compliance with statutory and the Listing Rules requirements; and
- assisting the Board in fulfilling its responsibilities by providing an independent review and supervision of the Group's financial reporting system, and effectiveness of the Group's internal control system.

The annual report for the year ended 30 April 2015 has been reviewed by the Audit Committee.

## **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' securities transactions throughout the year under review.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of listed securities of the Company.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.qpl.com](http://www.qpl.com)). The Company's annual report for the year ended 30 April 2015 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my gratitude to my fellow Directors and all staff for their efforts and contribution. Besides, I also would like to offer my sincere appreciation to all customers, business partners and Shareholders for their continuing support.

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

Hong Kong, 24 July 2015

*As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Li Tung Lok (Executive Chairman and Chief Executive), Mr. Phen Hoi Ping, Patrick and Ms. Tung Siu Ching, one Non-executive Director, namely Mr. Wong Wai Man and three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Lee Kwok Wan and Mr. Yau Chi Hang.*