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**THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect about this Offer Document or the Offers or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in L&A International Holdings Limited, you should at once hand this Offer Document and the accompanying Form(s) of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Offer Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers contained in this Offer Document.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offer Document and the accompanying Form(s) of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document and the accompanying Form(s) of Acceptance.

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**QPL INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 243)**

**OFFER DOCUMENT IN RELATION TO  
VOLUNTARY CONDITIONAL SHARE EXCHANGE OFFERS BY  
QPL INTERNATIONAL HOLDINGS LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES OF  
L&A INTERNATIONAL HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY QPL INTERNATIONAL  
HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)  
IN EXCHANGE FOR NEW SHARES TO BE ISSUED  
BY QPL INTERNATIONAL HOLDINGS LIMITED AND  
TO CANCEL ALL OF THE OUTSTANDING OPTIONS OF  
L&A INTERNATIONAL HOLDINGS LIMITED**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Offer Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Offer Document and in the accompanying Form(s) of Acceptance. Form(s) of Acceptance should be received by the Registrar by no later than 4:00 p.m. on 13 January 2017 or such later time and/or date as QPL may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Offer Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section entitled "OVERSEAS L&A INDEPENDENT SHAREHOLDERS AND OVERSEAS L&A OPTIONHOLDERS" in Appendix I to this Offer Document before taking any action. It is the responsibility of each overseas L&A Shareholder and overseas L&A Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas L&A Shareholders and overseas L&A Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

16 December 2016

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## EXPECTED TIMETABLE

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*The timetable set out below is indicative and may be subject to change. Any changes to the timetable will be announced by QPL.*

Despatch date of this Offer Document and the accompanying Form(s) of Acceptance .....	Friday, 16 December 2016
Opening date of the Offers ( <i>Note 1</i> ) .....	Friday, 16 December 2016
Latest date for the posting of the Offeree Document ( <i>Note 2</i> ) .....	Friday, 30 December 2016
First Closing Date ( <i>Note 3</i> ) .....	Friday, 13 January 2017
Latest time and date for acceptance of the Offers on the First Closing Date ( <i>Note 3</i> ) .....	by 4:00 p.m. on Friday, 13 January 2017
Announcement of the results of the Offers and the level of acceptance as at the First Closing Date (or its extension or revision, if any), to be posted on the website of the Stock Exchange ( <i>Note 3</i> ) .....	by 7:00 p.m. on Friday, 13 January 2017
Latest date of posting of share certificates of QPL Shares in respect of valid acceptances received by the First Closing Date under the Offers, assuming that the Offers become or are declared unconditional on the First Closing Date ( <i>Note 4</i> ) .....	Tuesday, 24 January 2017
Latest time and date for the Offers remaining open for acceptance assuming that the Offers become or are declared unconditional in all respects on the First Closing Date ( <i>Note 3</i> ) .....	by 4:00 p.m. on Friday, 27 January 2017
Long Stop Date being the latest time and date by which the Offers can be declared unconditional as to acceptance ( <i>Note 5</i> ) .....	by 7:00 p.m. on Tuesday, 14 February 2017

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## EXPECTED TIMETABLE

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*Notes:*

1. The Offers are made on 16 December 2016, being the date of posting of this Offer Document, and is capable of acceptance on and from that date until the close of the Offer Period. The Offers are conditional on the conditions set out in the paragraph headed “Conditions to the Offers” in this Offer Document. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in Rule 17 and Rule 19.2 of the Takeovers Code.
2. In accordance with the Takeovers Code, L&A is required to post the Offeree Document to the L&A Independent Shareholders and the L&A Optionholders within 14 days from the posting of this Offer Document, unless the Executive consents to a later date and QPL agrees to extend the First Closing Date by the number of days in respect of which the delay in the posting of the Offeree Document is agreed.
3. In accordance with the Takeovers Code, where the Offeree Document is posted after the date on which this Offer Document is posted, the Offers must remain open for acceptance for at least 28 days following the date on which this Offer Document was posted. The latest time and date for acceptance will be at 4:00 p.m. on Friday, 13 January 2017 unless QPL revises or extends the Offers in accordance with the Takeovers Code. QPL has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). QPL will issue an announcement through the websites of the Stock Exchange and QPL by no later than 7:00 p.m. on Friday, 13 January 2017 stating whether the Offers have been extended, revised or have expired. In any announcement of extension of the Offers, the next Closing Date must be stated. In accordance with the Takeovers Code, where the Offers become or are declared unconditional (whether as to acceptances or in all respects), they should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days’ notice by way of an announcement will be given before the Offers are closed to those L&A Independent Shareholders and L&A Optionholders who have not accepted the Offers.
4. Share certificates of the QPL Shares in respect of the consideration for the L&A Shares or, as the case may be, the L&A Options tendered under the Offers will be posted to those L&A Independent Shareholders and L&A Optionholders accepting the Offers as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offers complete and valid, and the date on which the Offers become or are declared unconditional in all respects.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Offer Document was posted. Where a period laid down in the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offers have previously become or are declared unconditional as to acceptances, the Offers will lapse after 7:00 p.m. on Tuesday, 14 February 2017, unless extended with the consent of the Executive.

**All references to dates and times contained in this Offer Document refer to Hong Kong dates and time.**

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## DEFINITIONS

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*In this Offer Document, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement”	the announcement of QPL dated 14 October 2016 in relation to, among other things, the Offers
“associates”	has the meaning ascribed to it in the Takeovers Code
“BaoQiao Partners”	BaoQiao Partners Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to QPL in respect of the Offers
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	the First Closing Date of the Offers, or if the Offers are extended, any subsequent closing date as may be determined and announced by QPL, with the consent of the Executive, in accordance with the Takeovers Code
“Conditions”	the conditions precedent to the Offers as set out in the section headed “Conditions to the Offers” in this document
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Enlarged Group”	QPL Group and L&A Group
“Enma Holdings”	Enma Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of QPL as at the Latest Practicable Date
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“First Closing Date”	13 January 2017, being the first closing date of the Offers
“Form(s) of Acceptance”	the WHITE Form of Acceptance and the YELLOW Form of Acceptance, and “Form of Acceptance” means either of them

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## DEFINITIONS

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“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“L&A”	L & A International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8195)
“L&A Director(s)”	director(s) of L&A
“L&A Group”	L&A and its subsidiaries
“L&A Independent Shareholder(s)”	the L&A Shareholder(s) (other than QPL and parties acting in concert with it (including Enma Holdings))
“L&A Option(s)”	the outstanding 200,000,000 share options granted by L&A pursuant to the L&A Share Option Scheme
“L&A Optionholder(s)”	holder(s) of the L&A Options
“L&A Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of L&A
“L&A Share Option Scheme”	the share option scheme of L&A adopted by L&A pursuant to an ordinary resolution of the L&A Shareholders passed on 25 September 2014
“L&A Shareholder(s)”	holder(s) of the L&A Share(s)
“Last Trading Day”	7 October 2016, being the last trading day immediately prior to the trading halt in the QPL Shares and/or the L&A Shares pending the release of the Announcement
“Latest Practicable Date”	13 December 2016, being the latest practicable date prior to the printing of this Offer Document for ascertaining certain information contained herein
“Limited Voting Preference Share(s)”	redeemable preference share(s) of par value of HK\$0.02 each in the authorized share capital of QPL
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	14 February 2017, being the 60th day after the date of the posting of this Offer Document or such later date to which the Executive may consent

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## DEFINITIONS

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“Major Transaction”	the acquisition of the L&A Shares by QPL pursuant to the Offers which constitutes a major transaction of QPL under Chapter 14 of the Listing Rules
“Offer Document”	this offer document to be issued by QPL to all L&A Independent Shareholders and L&A Optionholders in accordance with the Takeovers Code containing, inter alia, details of the Offers, terms and conditions of the Offers and the Form(s) of Acceptance
“Offer Period”	the period from 14 October 2016, being the date of the Announcement, to the close of the Offers
“Offeree Document”	the response document in respect of the Offers to be issued by L&A to the L&A Independent Shareholders and the L&A Optionholders in accordance with the Takeovers Code
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the proposal to be made by QPL in compliance with Rule 13 of the Takeovers Code to cancel all of the outstanding L&A Options in accordance with the terms and conditions set out in this Offer Document
“PRC”	the People’s Republic of China, which, for the purpose of this Offer Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-Condition”	has the meaning ascribed to it under the section headed “Conditions to the Offers” in the “Letter from the Offeror” of this Offer Document
“QPL” or “Offeror”	QPL International Holdings Limited, a company incorporated in Bermuda with limited liabilities and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 243)
“QPL Circular”	the circular of QPL dated 18 November 2016 in relation to, among other things, the Major Transaction and the grant of the Specific Mandate
“QPL Director(s)”	director(s) of QPL
“QPL Group”	QPL and its subsidiaries
“QPL Option(s)”	the share option(s) granted by QPL pursuant to the QPL Share Option Scheme

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## DEFINITIONS

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“QPL SGM”	the special general meeting of QPL held on 9 December 2016 to consider, and, if thought fit, approve, among other things, the Major Transaction and the grant of the Specific Mandate
“QPL Share(s)”	ordinary share(s) of par value of HK\$0.08 each in the authorized share capital of QPL
“QPL Share Option Scheme”	the share option scheme of QPL adopted by QPL pursuant to an ordinary resolution of the QPL Shareholders passed on 15 September 2015
“QPL Shareholder(s)”	holder(s) of the QPL Share(s)
“Registrar”	Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong
“Relevant Authority(ies)”	any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution
“Relevant Period”	the period commencing on 14 April 2016, being the date falling six months before 14 October 2016, being the date of the Announcement, up to and including the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	the voluntary conditional share exchange offer to be made by QPL to acquire all of the issued shares in the share capital of L&A (other than those already owned by QPL and parties acting in concert with it) in accordance with the terms and conditions set out in this Offer Document
“Specific Mandate”	the specific mandate for the allotment and issue, credited as fully paid, of new QPL Shares in settlement of the consideration of the Offers to be issued to the L&A Independent Shareholders and the L&A Optionholders who accept the Offers, the details of which are set out in the section headed “Specific Mandate” in the “Letter from the Offeror” of this Offer Document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong



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## DEFINITIONS

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“Unconditional Date”                      the date on which the Offers become or are declared unconditional in all respects

“WHITE Form of Acceptance”              the White form of acceptance and transfer in respect of the Share Offer accompanying this Offer Document

“YELLOW Form of Acceptance”            the Yellow form of acceptance in respect of the Option Offer accompanying this Offer Document

“%”    per cent.

\*        *In this Offer Document, the English translation of certain Chinese names, entities and addresses is included for information purpose only and should not be regarded as official English translation of such Chinese names, entities and addresses.*

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## LETTER FROM THE OFFEROR

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### **QPL INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 243)**

*Executive Directors:*

Mr. Li Tung Lok  
Mr. Phen Hoi Ping, Patrick  
Mr. Wong Ka Lok, Andrew  
Ms. Tung Siu Ching

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Non-executive Director:*

Mr. Wong Wai Man

*Principal place of business*

*in Hong Kong:*

8th Floor, Hale Weal Industrial Building  
22-28 Tai Chung Road  
Tsuen Wan, New Territories  
Hong Kong

*Independent Non-executive Directors:*

Ms. Chung Hoi Yan  
Mr. Yau Chi Hang  
Mr. Chu Chun On, Franco

16 December 2016

*To the L&A Independent Shareholders and the L&A Optionholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL SHARE EXCHANGE OFFERS BY  
QPL INTERNATIONAL HOLDINGS LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES OF  
L&A INTERNATIONAL HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY QPL INTERNATIONAL  
HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)  
IN EXCHANGE FOR NEW SHARES TO BE ISSUED  
BY QPL INTERNATIONAL HOLDINGS LIMITED AND  
TO CANCEL ALL OF THE OUTSTANDING OPTIONS OF  
L&A INTERNATIONAL HOLDINGS LIMITED**

#### **INTRODUCTION**

On 7 October 2016 (after trading hours of the Stock Exchange), QPL proposed to the board of directors of L&A that it would make voluntary conditional share exchange offers to (i) acquire all of the issued shares in the share capital of L&A (other than those already owned by QPL and parties acting in concert with it); and (ii) cancel all of the outstanding L&A Options. BaoQiao Partners is the financial adviser to QPL in respect of the Offers.

Reference is also made to (i) the poll results announcement of QPL dated 9 December 2016 in relation to the resolutions passed at the QPL SGM; and (ii) the announcement of QPL dated 9 December 2016 in relation to the update on the Offers. As disclosed in such announcements, the Pre-Condition to the Offers has been fulfilled.

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## LETTER FROM THE OFFEROR

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As at the Latest Practicable Date, QPL indirectly held 13,800,000 L&A Shares through Enma Holdings (a direct wholly-owned subsidiary of QPL), which, based on the latest published information of L&A available to the public, represented approximately 0.054% of the total issued share capital of L&A.

This letter forms part of this Offer Document which sets out, among other things, the details of the Offers, information on QPL and the intention of QPL regarding the L&A Group. Further details of the terms and procedures of acceptance of the Offers are set out in Appendix I to this Offer Document and the accompanying Form(s) of Acceptance.

### THE OFFERS

The Offers will be made in accordance with the Takeovers Code on the following basis:

#### **The Share Offer:**

**For every 25 existing L&A Shares . . . . . 1 new QPL Share**

As at the Latest Practicable Date, based on the publicly-available information, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of L&A in issue comprised (i) 25,600,000,000 L&A Shares; and (ii) 200,000,000 outstanding L&A Options to subscribe for 200,000,000 L&A Shares. Save as disclosed above, based on the publicly-available information, L&A had no other outstanding L&A Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into L&A Shares or other types of securities in L&A as at the Latest Practicable Date.

As at the Latest Practicable Date, save for the 13,800,000 L&A Shares, representing approximately 0.054% of the total issued share capital of L&A, indirectly held by QPL through Enma Holdings, a direct wholly-owned subsidiary of QPL, QPL and parties acting in concert with it did not hold any other L&A Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of L&A.

The exchange ratio of 1 new QPL Share for every 25 L&A Shares was determined by QPL based on the prevailing market prices of both the QPL Shares and the L&A Shares taking into account the highest closing price of HK\$0.03 per L&A Share for the 5 trading days prior to and including the Last Trading Day.

Save for QPL's indirect interest in the 13,800,000 L&A Shares, neither QPL nor parties acting in concert with it held or had control or discretion over any other L&A Shares or held any convertible securities, warrants or options in respect of any L&A Shares as at the Latest Practicable Dates.

#### **The Option Offer:**

As the exercise price for the outstanding L&A Options is HK\$0.0256, which is lower than the ascribed value of HK\$0.03 per L&A Share under the Share Offer, the see-through price of the Option Offer is HK\$0.0044 for each outstanding L&A Option, and the Option Offer will be made on the following basis:

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## LETTER FROM THE OFFEROR

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### **For cancellation of every 500 L&A Options . . . . . 3 new QPL Shares**

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects. Following acceptance of the Option Offer, the relevant L&A Options, together with all rights attaching thereto, will be entirely cancelled and renounced.

As at the Latest Practicable Date, none of the L&A Independent Shareholders or L&A Optionholders had undertaken or notified QPL of an intention to accept or reject the Offers.

Based on the publicly-available information, save as disclosed above, L&A had no other outstanding L&A Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into L&A Shares or other types of securities in L&A as at the Latest Practicable Date.

### **Comparisons of value**

The ascribed value of HK\$0.03 per L&A Share (equivalent to the closing price of each QPL Share of HK\$0.75 as quoted on the Stock Exchange on the Last Trading Day divided by 25 for each L&A Share) represents:

- (i) a premium of approximately 7.14% over the closing price of L&A Share of HK\$0.028, as quoted on the Stock Exchange on 7 October 2016, being the Last Trading Day;
- (ii) a premium of approximately 4.17% over the average closing price of approximately HK\$0.0288 per L&A Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 14.77% to the average closing price of approximately HK\$0.0352 per L&A Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 27.54% to the average closing price of approximately HK\$0.0414 per L&A Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 30.72% to the average closing price of approximately HK\$0.0433 per L&A Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 130.77% over the closing price of L&A Share of HK\$0.013, as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 710.81% over the audited consolidated net assets per L&A Share of approximately HK\$0.0037 as at 31 March 2016 (being the date to which the latest audited consolidated annual results of the L&A Group were made up), calculated based on the L&A Group's audited consolidated net assets attributable to its shareholders of approximately HK\$93,762,000 as at 31 March 2016 and 25,600,000,000 existing L&A Shares in issue as at the Latest Practicable Date; and

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## LETTER FROM THE OFFEROR

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- (viii) a premium of approximately 23.97% over the unaudited consolidated net assets per L&A Share of approximately HK\$0.0242 as at 30 September 2016 (being the date to which the latest unaudited consolidated interim results of L&A Group were made up), calculated based on L&A Group's unaudited consolidated net assets attributable to its shareholders of approximately HK\$620,214,000 as at 30 September 2016 and 25,600,000,000 existing L&A Shares in issue as at the Latest Practicable Date.

The implied issue price of HK\$0.70 per new QPL Share (equivalent to the closing price of HK\$0.028 per L&A Share as quoted on the Stock Exchange on the Last Trading Day multiplied by 25 for each new QPL Share) represents:

- (i) a discount of approximately 6.67% to the closing price of QPL Share of HK\$0.7500, as quoted on the Stock Exchange on 7 October 2016, being the Last Trading Day;
- (ii) a discount of approximately 3.85% to the average closing price of approximately HK\$0.7280 per QPL Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 0.28% to the average closing price of approximately HK\$0.7020 per QPL Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 1.38% over the average closing price of approximately HK\$0.6905 per QPL Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 1.05% over the average closing price of approximately HK\$0.6927 per QPL Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 40.00% over the closing price of QPL Share of HK\$0.5000, as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 110.91% over the audited consolidated net assets per QPL Share of approximately HK\$0.3319 as at 30 April 2016 (being the date to which the latest audited consolidated annual results of the QPL Group were made up), calculated based on QPL Group's audited consolidated net assets attributable to its shareholders of approximately HK\$748,846,000 as at 30 April 2016 and 2,256,265,322 QPL Shares in issue as at the Latest Practicable Date; and
- (viii) a premium of approximately 109.39% over the unaudited consolidated net assets per QPL Share of approximately HK\$0.3343 as at 31 October 2016 (being the date to which the latest unaudited consolidated interim results of QPL Group were made up), calculated based on QPL Group's unaudited consolidated net assets attributable to its shareholders of approximately HK\$754,371,000 as at 31 October 2016 and 2,256,265,322 existing QPL Shares in issue as at the Latest Practicable Date.

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## LETTER FROM THE OFFEROR

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### Highest and Lowest Prices of L&A Shares

During the Relevant Period, the highest closing price of the L&A Shares as quoted on the Stock Exchange was HK\$0.662 on 26 April 2016, and the lowest closing price of the L&A Shares as quoted on the Stock Exchange was HK\$0.010 on 24 November 2016.

### VALUE OF THE OFFERS

As at the Latest Practicable Date, based on the publicly-available information, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of L&A in issue comprised (i) 25,600,000,000 L&A Shares; and (ii) 200,000,000 outstanding L&A Options to subscribe for 200,000,000 L&A Shares. As at the Latest Practicable Date, QPL and parties acting in concert with it held 13,800,000 L&A Shares.

Based on an exchange ratio of (i) 1 new QPL Share for every 25 L&A Shares and 25,586,200,000 L&A Shares which are subject to the Share Offer; and (ii) 3 new QPL Shares for cancellation of every 500 L&A Options and the 200,000,000 L&A Options in issue as at the Latest Practicable Date, and assuming that there will be no change in the issued share capital of L&A since the Latest Practicable Date and up to the Closing Date, and no L&A Option will be exercised prior to the Closing Date, the maximum number of new QPL Shares that may fall to be issued in connection with the Share Offer and the Option Offer is 1,024,648,000 new QPL Shares. This represents approximately 45.41% of the 2,256,265,322 issued QPL Shares as at the Latest Practicable Date, and approximately 31.23% of the issued share capital of QPL of 3,280,913,322 QPL Shares as enlarged only by the issue of the aforesaid number of new QPL Shares.

In the event that all outstanding L&A Options are exercised before the Closing Date, L&A will have to issue 200,000,000 new additional L&A Shares. Assuming that the Share Offer is accepted in full (including all new L&A Shares issued and allotted as a result of the exercise of the L&A Options), the maximum number of new QPL Shares that may fall to be issued in connection with the Share Offer is 1,031,448,000 new QPL Shares. This represents approximately 45.71% of the 2,256,265,322 issued QPL Shares as at the Latest Practicable Date, and approximately 31.37% of the issued share capital of QPL of 3,287,713,322 QPL Shares as enlarged only by the issue of the aforesaid number of new QPL Shares.

On the basis of an ascribed value of HK\$0.03 per existing L&A Share under the Share Offer (based on the closing price of each QPL Share of HK\$0.75, as quoted on the Stock Exchange on the Last Trading Day and the exchange ratio of 1 QPL Share for every 25 L&A Shares) and the 25,586,200,000 L&A Shares which are subject to the Share Offer, the Share Offer is valued at approximately HK\$767,586,000. In addition, the amount required to satisfy the cancellation of all outstanding L&A Options based on the see-through price of HK\$0.0044 per outstanding L&A Option is HK\$880,000. In view of the above and assuming that no L&A Options are exercised before the Closing Date, the Offers are valued at HK\$768,466,000 in aggregate.

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## LETTER FROM THE OFFEROR

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In the event that all outstanding L&A Options are exercised before the Closing Date, L&A will have to issue 200,000,000 new additional L&A Shares. Assuming that the Share Offer is accepted in full (including all new L&A Shares issued and allotted as a result of the exercise of the L&A Options), the maximum value of the Share Offer will be increased to HK\$773,586,000. In such case, no new QPL Shares will be issued by QPL under the Option Offer.

### SUFFICIENT FINANCIAL RESOURCES

The Offers are non-cash offers.

### CONDITIONS TO THE OFFERS

The Share Offer is conditional upon:

- (i) the Offers, the grant of the Specific Mandate to allot and issue new QPL Shares by QPL to the L&A Independent Shareholders and L&A Optionholders who accept the Offers and the Major Transaction having been approved by QPL Shareholders at QPL SGM in accordance with the Listing Rules (the “**Pre-Condition**”);
- (ii) valid acceptances of the Share Offer having been received at or before 4:00 p.m. on the Closing Date in respect of the L&A Shares which will result in QPL and parties acting in concert with it holding more than 50% of the L&A Shares;
- (iii) the Stock Exchange having granted its approval for the listing of, and permission to deal in, the new QPL Shares to be allotted and issued in consideration for the acquisition of the L&A Shares and the cancellation of the L&A Options pursuant to the terms of the Offers;
- (iv) no event having occurred which would make the Offers or the acquisition of any of the L&A Shares by QPL void, unenforceable, illegal or which would prohibit the implementation of the Offers;
- (v) no Relevant Authority(ies) in any jurisdiction having taken or instituted any action, proceeding, act, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offers void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Offers or any part thereof or on the acquisition of any of the L&A Shares;
- (vi) save as publicly disclosed by L&A in any of its announcement and circular up to the date of the Announcement, since the date of the last audited consolidated financial statements of the L&A Group, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders’ equity or results of operations of the L&A Group as a whole, whether or not arising in the ordinary course of business; and

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## LETTER FROM THE OFFEROR

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- (vii) the L&A Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the L&A Shares as a result of or in connection with the Offers and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the L&A Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offers or anything done or caused by or on behalf of QPL or parties acting in concert with it.

QPL reserves the right to waive all or any of the Conditions (except for the Conditions referred to in paragraphs (i), (ii), (iii), (iv) and (v) above) in whole or in part. Save for the Pre-Condition as set out in paragraph (i) above, all other Conditions remain outstanding as at the Latest Practicable Date.

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

In accordance with Rule 15.3 of the Takeovers Code, QPL must publish an announcement when the Share Offer becomes or is declared unconditional as to acceptances and when the Share Offer becomes or is declared unconditional in all respects. The Offers must also remain open for acceptance for at least fourteen (14) days after the Offers become unconditional.

### **OTHER TERMS OF THE OFFERS**

#### **New QPL Shares to be issued**

The new QPL Shares will be issued free from all liens, charges and encumbrances and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date of issue of such new QPL Shares. There will be no restrictions on the transfer of the new QPL Shares to be issued under the Offers.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the new QPL Shares to be issued in connection with the Offers.

#### **Acceptance of the Offers**

Acceptance of the Offers by any L&A Independent Shareholders and L&A Optionholders will be deemed to constitute a warranty by such person that all the L&A Shares and the L&A Options to be sold or cancelled by such person under the Offers will be free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption and any other third-party rights or encumbrances of any nature whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive in full dividends and other distributions declared, made or paid, if any, on or after the Closing Date.



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## LETTER FROM THE OFFEROR

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### **Hong Kong stamp duty**

Sellers' and buyers' ad valorem stamp duty for the L&A Shares on the Hong Kong branch share register arising in connection with the acceptances of the Share Offer, amounting to HK\$1.00 for every HK\$1,000 or part thereof of the higher of (i) the consideration payable in respect of the relevant acceptances or (ii) the market value of the L&A Shares tendered for acceptance, will be borne by QPL. No stamp duty is payable in connection with the Option Offer.

### **Availability of the Offers**

QPL intends to make available the Share Offer and the Option Offer to all L&A Independent Shareholders and L&A Optionholders, including those who are residents outside Hong Kong. The availability of the Offers to persons who are not residents in Hong Kong may be affected by the laws of the relevant jurisdictions. Persons who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions as a result of the acceptance of the Offers.

If the Offer Document is made available to any overseas L&A Independent Shareholder or overseas L&A Optionholder, such L&A Independent Shareholder or L&A Optionholder by tendering the L&A Shares or the L&A Options (as the case may be) to QPL under the Offers will be deemed to constitute a warranty to QPL that the Offers, allotment and issue of new QPL Shares to such L&A Independent Shareholder or L&A Optionholder pursuant to the Offers comply with the requirements and restrictions of the applicable laws and regulations of the jurisdiction in which such L&A Independent Shareholder or L&A Optionholder resides and that such laws and regulations do not require QPL to effect any registration of any securities or prospectus or to undertake any other filing or procedure in that jurisdiction, and agrees to indemnify and keep indemnified QPL against any liability that may arise if such warranty is breached.

It is the responsibility of the overseas L&A Independent Shareholders and overseas L&A Optionholders who wish to accept the Share Offer and the Option Offer respectively and to take any action in relation thereto, to satisfy themselves as to the full observance of the laws of any relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required to comply with other necessary formalities or legal requirements. The attention of the L&A Independent Shareholders and the L&A Optionholders with a registered address in jurisdiction outside Hong Kong is drawn to the section entitled "OVERSEAS L&A INDEPENDENT SHAREHOLDERS AND OVERSEAS L&A OPTIONHOLDERS" in Appendix I to this Offer Document.

The overseas L&A Independent Shareholders and overseas L&A Optionholders will be responsible for the payment of any transfer or other taxes due by such overseas L&A Independent Shareholders and overseas L&A Optionholders in respect of their respective jurisdictions. None of QPL, parties acting in concert with it, the Registrar or any of their respective directors, officers, associates, agents or any other professional adviser(s) to QPL or any other parties involved in the Offers is in a position to advise the overseas L&A Independent Shareholders and overseas L&A Optionholders on their individual tax implications. The L&A Independent Shareholders and L&A Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers. None

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## LETTER FROM THE OFFEROR

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of QPL, parties acting in concert with it, the Registrar or any of their respective directors, officers, associates, agents or any other professional adviser(s) to QPL or any other parties involved in the Offers accepts any responsibility for any tax effect on, or liabilities of, the relevant L&A Independent Shareholders and L&A Optionholders.

Overseas L&A Independent Shareholders and overseas L&A Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

### **Closing of the Offers**

Except with the consent of the Executive, all Conditions to the Offers must be fulfilled (or, if permissible, waived) or the Offers must lapse within 21 days of the Closing Date or of the date the Share Offer becomes or is declared unconditional as to acceptances, whichever is the later. The latest date on which QPL can declare the Offers unconditional as to acceptances is 7:00 p.m. on the Long Stop Date.

If the Conditions to the Offers are fulfilled (or, if permissible, waived), the L&A Shareholders and the L&A Optionholders will be notified by an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

### **Settlement of consideration**

Consideration of the Offers will be settled by way of issue of new QPL Shares, and new share certificates of such QPL Shares will be posted by ordinary post to the L&A Independent Shareholders and the L&A Optionholders accepting the Offers at his/her/its own risk as soon as possible, but in any event within seven Business Days following the later of the date on which the Offers become or are declared unconditional in all respects and the date on which receipt of a complete and valid acceptance of the Offers with which relevant L&A Shares and/or the L&A Options are duly tendered.

L&A Independent Shareholders and L&A Optionholders should be aware that in accepting the Offers, any resulting fractions of a new QPL Share will be disregarded and such fractions of a new QPL Share will not be issued.

L&A Independent Shareholders and L&A Optionholders should also be aware that QPL Shares are traded in board lots of 9,000 shares and the L&A Shares are traded in board lots of 8,000 shares. No arrangements are intended to be made for the trading of odd lots of QPL Shares resulting from the acceptance of the Offers.

### **SPECIFIC MANDATE**

All the QPL Shares to be allotted and issued to satisfy the consideration for the Offers will be allotted and issued, credited as fully paid, by QPL to the L&A Independent Shareholders and the L&A Optionholders for the sole purpose of the Offers. As all the QPL Shares to be allotted and issued pursuant to the Specific Mandate will be applied towards settlement of the acceptance of the Offers, no cash proceeds will be received by QPL in connection with such allotment. The actual number of new QPL Shares to be allotted and issued under the Offers will depend on the level of acceptance under the Offers.

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## LETTER FROM THE OFFEROR

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Assuming the Offers are accepted in full by all of the L&A Independent Shareholders and the L&A Optionholders, and no L&A Option will be exercised prior to the Closing Date, the maximum number of new QPL Shares that may fall to be issued in connection with the Share Offer and the Option Offer is 1,024,648,000 QPL Shares. This represents approximately 45.41% of the 2,256,265,322 issued QPL Shares as at the Latest Practicable Date, and approximately 31.23% of the issued share capital of QPL of 3,280,913,322 QPL Shares as enlarged only by the issue of the aforesaid number of new QPL Shares.

In the event that all outstanding L&A Options are exercised before the Closing Date, L&A will have to issue 200,000,000 new additional L&A Shares. Assuming that the Share Offer is accepted in full (including all new L&A Shares issued and allotted as a result of the exercise of the L&A Options), the maximum number of new QPL Shares that may fall to be issued in connection with the Share Offer is 1,031,448,000 QPL Shares. This represents approximately 45.71% of the 2,256,265,322 issued QPL Shares as at the Latest Practicable Date, and approximately 31.37% of the issued share capital of QPL of 3,287,713,322 QPL Shares as enlarged only by the issue of the aforesaid number of new QPL Shares.

### **PUBLIC FLOAT OF L&A**

**The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued shares of L&A, are held by the public, or if the Stock Exchange believes that:**

- (i) a false market exists or may exist in the trading of the L&A Shares; or**
- (ii) there are insufficient L&A Shares in public hands to maintain an orderly market,**

**it will consider exercising its discretion to suspend dealings in the L&A Shares.**

**QPL intends L&A to remain listed on the Stock Exchange. Should the Offers become unconditional, the QPL Directors and the new directors (if any) to be appointed to the board of directors of L&A will jointly and severally undertake to the Stock Exchange to take appropriate steps (including placing down of sufficient number of accepted L&A Shares by QPL) to ensure that sufficient public float exists in L&A Shares.**

QPL does not intend to exercise any rights of compulsory acquisition under Rule 2.11 of the Takeovers Code if the Share Offer is accepted in respect of 90% of the L&A Shares or more.

### **REASONS FOR THE OFFERS**

L&A has been listed on the Growth Enterprise Market of the Stock Exchange since 2014. L&A is an investment holding company and L&A Group principally engages in the manufacturing, sales and retailing of garment products.

In view of the weak business sentiments on QPL Group's manufacturing business as disclosed in the annual report of QPL for the year ended 30 April 2016, the QPL Directors have been exploring different business opportunities in other sectors in order to broaden the sources of income and to boost the business performance of QPL Group.

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## LETTER FROM THE OFFEROR

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Although L&A Group is principally engaged in the manufacturing and selling of garments, which is unrelated to the principal businesses of QPL Group, QPL Directors are of the view that the Offers provide an opportunity for QPL to diversify and expand its business portfolio. The QPL Directors note that despite the loss making position of L&A Group's existing business for the year ended 31 March 2016, L&A has been proactively looking for new business and/or investment opportunities with a review to enhance its revenue sources as well as to bring positive return to L&A Shareholders. As disclosed in the first quarterly report of L&A Group for the three months ended 30 June 2016, L&A Group obtained the money lending licence on 30 June 2016 and it was the view of the L&A Directors that should it materialise, the money lending business of L&A would extend the scope of L&A Group's existing business and broaden L&A Group's revenue basis to enhance profitability. In addition, as disclosed in the announcements of L&A dated 28 April 2016 and 20 June 2016, L&A Group completed the acquisition (the "**Acquisition**") of 47.63% of Red 5 Studios, Inc., a limited liability company incorporated in Delaware, the United States of America and its group companies (collectively known as the "**Red Group**"), which are principally engaged in the development of innovative entertainment software and online games in the United States of America, Europe, the PRC and Southeast Asia. The Red Group has entered into license and distribution agreements with two distributors and will receive license fee and royalties for publishing and operating an online game for a five-year term in the PRC and for a six-year term in the Southeast Asia respectively. The L&A Directors believe that the said license and distribution agreements would be able to bring positive contribution to the Red Group in the future. The QPL Directors further note that the L&A Directors consider that the Acquisition could provide an opportunity for L&A Group to diversify its business into online game business so as to further enhance its revenue sources as well as to bring positive return to the L&A Shareholders.

QPL is an investment holding company and the principal activities of its subsidiaries are the manufacturing and sales of integrated circuit leadframes, heatsinks and stiffeners, securities trading and investment holding. As disclosed in the annual report of QPL for the year ended 30 April 2016, QPL Group has (i) proposed to seek opportunities to acquire land, plant and machinery for the construction of an additional factory and environmental protection facilities; and (ii) intended to deploy resources to upgrade and restructure existing plants and machineries in order to improve QPL Group's competitiveness and fulfill different production requirements.

Furthermore, QPL commenced securities investment in 2015 and QPL Group owned 13,800,000 L&A Shares as at the Latest Practicable Date for investment purpose. Since L&A's listing in 2014 and until 6 July 2016, the market price of the L&A Shares was generally above or around HK\$0.40. On 6 July 2016, the market price of the L&A Shares had a sudden and significant drop and ranged from HK\$0.017 to HK\$0.395 that day. The closing price of the L&A Shares on 6 July 2016 was HK\$0.032, and further dropped to HK\$0.021 on 15 July 2016, representing the lowest closing price of L&A Shares during the six months immediately preceding the Last Trading Day. The closing price of the L&A Shares on the Last Trading Day was HK\$0.028.

Given the current exceptionally low market capitalisation of L&A as compared to the previous levels and the recent relatively low market price of the L&A Shares, the QPL Directors are of the view that the Offers represent an opportune investment of QPL in L&A Group. In addition, the QPL Directors noted that trading in the L&A Shares had been inactive. Save for July 2016 and August 2016, the average daily trading volume of L&A Shares for the twelve-month period prior to the Last Trading Day was below 1% of the total number of issued L&A Shares held by the public. Given that the L&A Shares are

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## LETTER FROM THE OFFEROR

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illiquid, it is difficult for QPL to acquire a large block of L&A Shares in the open market and the QPL Directors considered the acquisition by way of the Offers is a viable option to acquire L&A Shares. Furthermore, the QPL Directors consider that the development of L&A Group's business as disclosed above may enhance the growth of L&A Group in the long run, and thus QPL Group shall be able to enjoy considerable returns from its investment in L&A. Subject to the Offers having become unconditional, L&A will become a non wholly-owned subsidiary of QPL and the assets and liabilities and financial results of L&A will be included in the consolidated financial statements of QPL Group.

Taking into account the current low market price of the L&A Shares and the business prospect of L&A Group, the QPL Directors consider the current market price of the L&A Shares to be attractive, and that the Offers represent an opportune investment for QPL.

The QPL Directors consider that the Offers are in the interest of the QPL Shareholders as a whole because (i) the exchange ratio of 1 new QPL Share for every 25 L&A Shares is determined by QPL based on the prevailing market prices of both the QPL Shares and the L&A Shares and is fair and reasonable; (ii) the acquisition of the L&A Shares by way of the Offers does not require any cash outlay; (iii) the current low market price of the L&A Shares represents an opportune investment for QPL; and (iv) the business prospect of L&A Group as stated above will also enable the QPL Shareholders to be interested in the Enlarged Group and to enjoy the considerable returns from QPL's investment in L&A.

Following the close of the Offers, QPL intends to maintain the listing status of L&A on the Growth Enterprise Market of the Stock Exchange. QPL does not intend to exercise any rights of compulsory acquisition under Rule 2.11 of the Takeovers Code if the Share Offer is accepted in respect of 90% of the L&A Shares or more. QPL intends to continue the existing businesses of L&A Group in substantially its current state, and will conduct a review on the financial position and operations of L&A Group for the purpose of formulating business plans and strategies in order to enhance the long-term growth of L&A Group. As at the Latest Practicable Date, QPL has no intention to scale down or terminate or dispose of the existing businesses of L&A Group and save for the possible change of the composition of the board of L&A, QPL does not have intention to terminate the employees of L&A Group. Although QPL does not have sufficient experience and expertise in the industry of L&A Group, both QPL Group and L&A Group are engaged in the manufacturing and sales businesses. QPL believes that the QPL Directors' extensive experience in the manufacturing and sales sectors will be beneficial to the operation of L&A Group. In addition, QPL intends to nominate additional directors who may possess skill and knowledge of the relevant industry of L&A Group and/or be with financial background to the board of directors of L&A following the completion of the Offers, which will further enhance and be beneficial to the overall business efficacy and operation of L&A Group.

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## LETTER FROM THE OFFEROR

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The QPL Directors confirm that the terms and conditions of the Offers and the transactions contemplated thereunder are fair and reasonable and upon normal commercial terms. Having considered the terms and conditions of the Offers and the benefits that are expected to accrue to QPL as a result of the Offers and the transactions contemplated thereunder, the QPL Directors further confirm that the Offers and the transactions contemplated thereunder are in the interest of QPL and the QPL Shareholders as a whole.

### **INTENTIONS OF QPL IN RELATION TO L&A GROUP**

QPL intends to nominate additional directors to the board of directors of L&A following completion of the Offers. Any changes to the board of directors of L&A will be made in compliance with the Takeovers Code, the Listing Rules and the constitutional documents of L&A. Further announcement(s) will be made upon the appointment of new directors of the L&A accordingly.

As stated above, following the close of the Offers, QPL intends to continue the existing principal businesses of L&A Group in substantially its current state. QPL would conduct a review on the financial position and the operations of L&A Group and would formulate business plans and strategies of L&A Group, which would be appropriate to enhance the long-term growth potential of L&A Group. QPL has no plan to terminate the employment of the employees (save for the possible change in the composition of the board of directors of L&A) or to redeploy assets of L&A Group other than those in its ordinary and usual course of business.

### **INFORMATION ON QPL GROUP**

QPL is a company incorporated in Bermuda with limited liability on 20 January 1989, whose issued shares are listed on the Main Board of the Stock Exchange under the stock code 243. QPL is an investment holding company, and the QPL Group is principally engaged in the manufacturing and sales of integrated circuit leadframes, heatsinks and stiffeners, securities trading and investment holding. As at the Latest Practicable Date, QPL had no controlling shareholder.

### **SHAREHOLDING STRUCTURE OF QPL**

As at the Latest Practicable Date, there were 2,256,265,322 QPL Shares in issue. Save and except for the outstanding QPL Options granted by QPL to subscribe for 22,710,000 QPL Shares, there were no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into QPL Shares as at the Latest Practicable Date.

## LETTER FROM THE OFFEROR

Based on the publicly-available information, assuming that there will be no change to the issued share capital of QPL since the Latest Practicable Date and up to the Closing Date, the shareholding structure of QPL, both before and after completion of the Offers, is set out below:

	As at the Latest Practicable Date		Immediately after the completion of the Offers and assuming all L&A Independent Shareholders validly elect to accept the Share Offer, no L&A Options are exercised and all L&A Options are tendered for cancellation		Immediately after the completion of the Offers and assuming all outstanding L&A Options are exercised and all L&A Independent Shareholders validly elect to accept the Share Offer	
	Number of QPL Shares	Approximate %	Number of QPL Shares	Approximate %	Number of QPL Shares	Approximate %
L&A Independent Shareholders 中歐盛世資產管理（上海）有限公司and its concert parties (Note 1)	0	0.00	1,024,648,000	31.23	1,031,448,000	31.37
Mr. Li Tung Lok and his concert parties (Note 2)	181,200,000	8.03	181,200,000	5.52	181,200,000	5.51
Public QPL Shareholders	69,063,266	3.06	69,063,266	2.11	69,063,266	2.10
	2,006,002,056	88.91	2,006,002,056	61.14	2,006,002,056	61.02
<b>Total</b>	<b>2,256,265,322</b>	<b>100.00</b>	<b>3,280,913,322</b>	<b>100.00</b>	<b>3,287,713,322</b>	<b>100.00</b>

*Notes:*

- The information disclosed is based on the disclosure of interests pursuant to Part XV of the SFO which is available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).
- Mr. Li Tung Lok is the executive chairman and chief executive of QPL. The 69,063,266 QPL Shares include 63,515,530 QPL Shares held by Mr. Li Tung Lok, 900,000 QPL Shares held by Ms. Su Ching Wah Theresa, the spouse of Mr. Li Tung Lok and 4,647,736 QPL Shares held by Solar Forward Company Limited, which is wholly owned by Mr. Li Tung Lok. Therefore, Mr. Li Tung Lok is deemed to be interested in all the QPL Shares held by his spouse and Solar Forward Company Limited under the SFO.

Based on the disclosure of interests required to be notified to L&A and the Stock Exchange pursuant to Part XV of the SFO, the QPL Directors are of the view that the issue and allotment of the new QPL Shares in relation to the Offers will not result in any change of control of QPL and it is expected that QPL would be able to maintain its public float under all circumstances as a result of the Offers.

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## LETTER FROM THE OFFEROR

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### SHAREHOLDING STRUCTURE OF L&A

Based on the publicly-available information as at the Latest Practicable Date, L&A had 25,600,000,000 L&A Shares in issue and 200,000,000 outstanding L&A Options to subscribe for 200,000,000 L&A Shares.

Based on the publicly-available information, assuming that there will be no change to the issued share capital of L&A since the Latest Practicable Date and up to the Closing Date, the shareholding structure of L&A, both before and after completion of the Offers, is set out below:

	As at the Latest Practicable Date		Immediately after the completion of the Offers and assuming all L&A Independent Shareholders validly elect to accept the Share Offer, no L&A Options are exercised and all L&A Options are tendered for cancellation		Immediately after the completion of the Offers and assuming all outstanding L&A Options are exercised and all L&A Independent Shareholders validly elect to accept the Share Offer	
	<i>Number of L&amp;A Shares</i>	<i>Approximate %</i>	<i>Number of L&amp;A Shares</i>	<i>Approximate %</i>	<i>Number of L&amp;A Shares</i>	<i>Approximate %</i>
Yang's Holdings Capital Limited ( <i>Note</i> )	6,003,880,000	23.45	-	-	-	-
Ge Qingfu	2,565,324,000	10.02	-	-	-	-
QPL	13,800,000	0.05	25,600,000,000	100.00	25,800,000,000	100.00
Public L&A Shareholders	17,016,996,000	66.48	-	-	-	-
<b>Total</b>	<b>25,600,000,000</b>	<b>100.00</b>	<b>25,600,000,000</b>	<b>100.00</b>	<b>25,800,000,000</b>	<b>100.00</b>

*Note:*

According to publicly-available information as at the Latest Practicable Date, the entire issued share capital of Yang's Holdings Capital Limited is wholly-owned by YWH Investment Holding Limited, which in turn is wholly-owned by Cantrust (Far East) Limited, the trustee of the Yang's Family Trust, whereby Mr. Yang Si Hang, an executive director and the chief executive officer of L&A, is one of the beneficiaries of the Yang's Family Trust.

### MAJOR TRANSACTION AND ALLOTMENT AND ISSUE OF NEW QPL SHARES UNDER THE SPECIFIC MANDATE

As more than one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of the L&A Shares by QPL pursuant to the Offers are more than 25% but are less than 100%, the Offers constitute a major transaction for QPL under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement, circular and QPL Shareholders' approval requirements under Chapter 14 of the Listing Rules.



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## LETTER FROM THE OFFEROR

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The allotment and issue of new QPL Shares to the L&A Independent Shareholders and L&A Optionholders who accept the Offers is also subject to the approval of QPL Shareholders at QPL SGM pursuant to Rule 13.36(1)(a) of the Listing Rules.

The QPL SGM has been held on Friday, 9 December 2016 for the QPL Shareholders to consider and, if thought fit, pass the requisite resolution(s) to approve, among other things, the Major Transaction and the grant of the Specific Mandate. As disclosed in the poll results announcement of QPL dated 9 December 2016 in relation to the resolutions passed at the QPL SGM, the Pre-Condition to the Offers has been fulfilled.

### **FINANCIAL AND TRADING PROSPECTS OF QPL GROUP**

QPL acts as an investment holding company. The principal activities of its subsidiaries are the manufacture and sales of integrated circuit leadframes, heatsinks and stiffeners, securities trading and investment holding.

With reference to the annual report and the interim report of QPL for the financial year ended 30 April 2016 and for the six months ended 31 October 2016, the current business environment in the PRC has been unfavourable to the QPL Group. The increase in factory operating cost in the PRC had a negative impact on the QPL Group's business operations and margins, and this trend might continue. In order to improve the QPL Group's operational performance and its competitiveness, the QPL Group intends to deploy resources to upgrade and restructure existing plants and machineries and will continue to implement plans to increase its production efficiency and capacity. In addition, the QPL Group proposes to seek opportunities to acquire land, plant and machinery for the construction of an additional factory and environmental protection facilities. In respect of securities trading and investment holding business, QPL invests in listed equity securities in Hong Kong for trading investment purpose, and QPL will continue to identify suitable investments in the market to further expand the sources of investment income and enhance QPL Shareholders' return.

Following completion of the Offers and only if completion of the Offers take place, the QPL Group would conduct a review on the financial position and the operations of the L&A Group and would formulate business plans and strategies of the L&A Group, which would be appropriate to enhance the long-term growth potential of the L&A Group.

Moving forward, the QPL Directors will seek for other business opportunities with a view to generate improved returns to the QPL Shareholders.

### **FINANCIAL EFFECTS OF THE OFFERS ON EARNINGS, ASSETS AND LIABILITIES OF THE QPL GROUP**

Subject to the Offers having become unconditional, L&A will become a non wholly-owned subsidiary of QPL and the assets and liabilities and financial results of L&A will be included in the consolidated financial statements of QPL Group. The full text of the unaudited pro forma financial information of QPL Group upon the completion of the Offers is set out in Appendix IV to the QPL Circular, which illustrates the effects of the Offers on QPL and the basis of preparation thereon.

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## LETTER FROM THE OFFEROR

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As at 30 April 2016, QPL Group had total assets of approximately HK\$851,534,000 and total liabilities of approximately HK\$102,688,000. Based on the total assets and liabilities of both QPL Group and L&A Group as at 30 April 2016 and assuming the Offers having become unconditional, the unaudited pro forma total assets will be approximately HK\$1,479,223,000 and total liabilities will be approximately HK\$126,085,000 as indicated in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to the QPL Circular.

### COMPULSORY ACQUISITION

QPL does not intend to exercise any power of compulsory acquisition of any L&A Shares outstanding and not acquired under the Offers after the close of the Offers.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information regarding the Offers set out in the appendices to this Offer Document and the accompanying Form(s) of Acceptance, which form part of this Offer Document.

In considering what action to take in connection with the Offers, you should consider your own tax and financial position, and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,  
By Order of the Board  
**QPL International Holdings Limited**  
**Wong Ka Lok, Andrew**  
*Executive Director*

**1.      PROCEDURES FOR ACCEPTANCE OF THE OFFERS**

To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form(s) of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your L&A Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar at 31/F, 148 Electric Road, North Point, Hong Kong in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as QPL may determine and announce with the consent of the Executive in compliance with the Takeovers Code.
  
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your L&A Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of L&A Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the **WHITE** Form(s) of Acceptance duly completed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  
  - (ii) arrange for the L&A Shares to be registered in your name by L&A through the Registrar, and deliver the **WHITE** Form(s) of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  
  - (iii) if your L&A Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your L&A Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  
- (c) If you have lodged transfer(s) of any of your L&A Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your L&A Shares, you should nevertheless complete and sign the **WHITE** Form(s) of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to QPL or QPL's respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form(s) of Acceptance.
  
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your L&A Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your L&A Shares, the **WHITE** Form(s) of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
  
- (e) Acceptance of the Share Offer will be treated as effective and valid only if the completed **WHITE** Form(s) of Acceptance is received by the Registrar on or before the latest time for acceptance of the Share Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
  - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required

in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant L&A Shares; or

- (ii) from a registered L&A Shareholder or his/her/its personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the L&A Shares which are not taken into account under another subparagraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the **WHITE** Form(s) of Acceptance is executed by a person other than the registered L&A Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (g) No acknowledgement of receipt of any **WHITE** Form(s) of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

To accept the Option Offer, you should complete and sign the accompanying **YELLOW** Form(s) of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.

- (a) The completed **YELLOW** Form(s) of Acceptance should be forwarded, together with the relevant certificate(s) of the options (if applicable), stating the number of options in respect of which you intend to accept the Option Offer, by post or by hand to the Registrar at 31/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event so as to reach the Registrar at the aforesaid address no later than 4:00 p.m. on the Closing Date.
- (b) If the certificate(s) in respect of your options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **YELLOW** Form(s) of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to L&A requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to L&A with a copy deliver to the Registrar.

- (c) If the certificate(s) in respect of your options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, you must exercise the options to the extent exercisable as indicated in section 3 in this Appendix I below, so that the relevant exercise notice, cheque for the subscription monies and the related certificate (if applicable) for the options must reach L&A by no later than 4:00 p.m. on the Closing Date, and you should at the same time complete and sign the **WHITE** Form(s) of Acceptance and deliver to the Registrar with a copy of the set of documents delivered to L&A for exercising your options. You should also write to L&A requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to L&A with a copy delivered to the Registrar.

No acknowledgment of receipt of any **YELLOW** Form(s) of Acceptance, the certificate(s) of the options and/or any satisfactory indemnity or indemnities required in respect thereof will be given.

## **2. ACCEPTANCE PERIOD AND REVISIONS**

- (a) The Offers are conditional upon, among other things, QPL having received acceptances in respect of the L&A Shares which, together with the L&A Shares acquired or agreed to be acquired before or during the Offers, will result in QPL and parties acting in concert with it holding more than 50% of the voting rights of L&A. Unless the Offers have previously been extended or revised with the consent of the Executive in accordance with the Takeovers Code, the latest time and date for acceptance will be 4:00 p.m. on the First Closing Date, or if the Offers are extended, any subsequent closing date of the Offers will be announced by QPL, or in the event that the Offers become or are declared unconditional as to acceptances, a statement may be made that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to those L&A Independent Shareholders and the L&A Optionholders who have not accepted the Offers and an announcement will be published.
- (b) Where the Offers become or are declared unconditional (whether as to acceptances or in all respects), the Offers should remain open for acceptance for not less than 14 days thereafter. When the Offers become or are declared unconditional in all respects, at least 14 days' notice in writing must be given before the Offers are closed to those L&A Independent Shareholders and the L&A Optionholders who have not accepted the Offers, and an announcement will be published.
- (c) In the event that QPL decides to extend the Offers, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offers, to those L&A Independent Shareholders and the L&A Optionholders who have not accepted the Offers.
- (d) If QPL revises the terms of the Offers, all L&A Independent Shareholders and the L&A Optionholders, whether or not they have already accepted the Offers, will be entitled to the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted.

- (e) If the Closing Date of the Offers is extended, any reference in this Offer Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offers so extended.

If there is (i) a tropical cyclone warning signal number 8 or above; or (ii) a “black” rainstorm warning signal: (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the First Closing Date, the latest time and date for acceptance of the Offers will be extended to 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the First Closing Date, the latest time and date for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

### **3. EXERCISE AND LAPSE OF THE L&A OPTIONS**

Exercise of the L&A Options is subject to the terms and conditions of the L&A Share Option Scheme and the terms attaching to the grant of the relevant L&A Options. Delivery of the completed and signed **WHITE** Form(s) of Acceptance to the Registrar will not serve to complete the exercise of the L&A Options but will only be deemed to be an irrevocable authority to QPL or any of their respective agent(s) or such other person(s) as they may direct to collect from L&A or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the L&A Options as if it was/they were delivered to the Registrar with the **WHITE** Form(s) of Acceptance. If an L&A Optionholder fails to exercise his/her/its L&A Options as aforesaid, there is no guarantee that L&A may issue the relevant share certificate(s) in respect of the L&A Share(s) allotted pursuant to his/her/its exercise of the L&A Option(s) to such L&A Optionholder in time for him/her/it to accept the Share Offer as a L&A Shareholder of such L&A Share(s) under the terms of the Share Offer.

Nothing in this Offer Document or the Option Offer will serve to extend the life of any L&A Option which lapses under the L&A Share Option Scheme. No exercise of L&A Options or acceptance of the Option Offer may be made in relation to any L&A Option that has lapsed.

### **4. ANNOUNCEMENTS**

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), QPL must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. QPL must publish an announcement in accordance with the requirements of the Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects).

Such announcement must state the following:

- (i) the total number of the L&A Shares and rights over the L&A Shares for which acceptances of the Offers have been received;
- (ii) the total number of the L&A Shares and rights over the L&A Shares held, controlled or directed by QPL and parties acting in concert with it before the Offer Period;

- (iii) the total number of the L&A Shares and rights over the L&A Shares acquired or agreed to be acquired by QPL and parties acting in concert with it during the Offer Period;
  - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in L&A which QPL and parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and
  - (v) the percentages of the relevant classes of issued share capital of L&A and the percentages of voting rights of L&A represented by these numbers of the L&A Shares.
- (b) In computing the total number of the L&A Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offers will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of QPL ([www.qpl.com](http://www.qpl.com))

## **5.      NOMINEE REGISTRATION**

To ensure equality of treatment to all the L&A Independent Shareholders, those registered L&A Independent Shareholders who hold the L&A Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the L&A Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

## **6.      RIGHT OF WITHDRAWAL**

- (a) The Share Offer is conditional upon fulfillment of the Conditions set out in the “Letter from the Offeror” in this Offer Document and the Option Offer is conditional upon the Share Offer becoming and being declared unconditional in all respects.
- (b) Acceptance of the Share Offer and Option Offer tendered by the L&A Independent Shareholders and the L&A Optionholder, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (c) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Share Offer or the Option Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date (being 13 January 2017) if the Offers have not by then become unconditional as to acceptances. An acceptor of the Share Offer or the Option Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.



- (c) If QPL is unable to comply with the requirements set out in paragraph 4 of this Appendix I headed “Announcements” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the L&A Independent Shareholders and L&A Optionholders who have tendered acceptance to the Share Offer and the Option Offer, respectively, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the L&A Independent Shareholders and L&A Optionholders withdraw their acceptance(s), QPL shall, as soon as possible but in any event within 10 days thereof, in respect of the Share Offer, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and/or (in respect of the Option Offer) the option certificate(s) (if applicable) and/or other document(s) or title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant L&A Independent Shareholder(s) and L&A Optionholders(s).

## **7. SETTLEMENT OF THE OFFERS**

The timing and procedures for settlement of the consideration to which the accepting L&A Independent Shareholders and the L&A Optionholders will be entitled (if the Offers become, or are declared, unconditional in all respects) are set out in the Form(s) of Acceptance and in the section headed “Settlement of Consideration” contained in the “Letter from the Offeror” in this Offer Document. In the event the Offers lapse, any share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) lodged with the Form(s) of Acceptance will be returned to the L&A Independent Shareholders and L&A Optionholders who have accepted the Offers by ordinary post at the L&A Independent Shareholders’ and the L&A Optionholders’ own risks as soon as possible but in any event within 10 days after the Offers have lapsed.

## **8. HONG KONG STAMP DUTY**

Sellers’ and buyers’ ad valorem stamp duty for the L&A Shares on the Hong Kong branch share register arising in connection with the acceptances of the Share Offer, amounting to HK\$1.00 for every HK\$1,000 or part thereof of the higher of (i) the consideration payable in respect of the relevant acceptances or (ii) the market value of the L&A Shares tendered for acceptance, will be borne by QPL. No stamp duty is payable in connection with the Option Offer.

L&A Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of QPL, parties acting in concert with it, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offers is in a position to advise the L&A Independent Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offers.

**9.      OVERSEAS L&A INDEPENDENT SHAREHOLDERS AND OVERSEAS L&A OPTIONHOLDERS**

This Offer Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdictions other than Hong Kong.

If the Offer Document is made available to any overseas L&A Independent Shareholder or overseas L&A Optionholder, such L&A Independent Shareholder or the L&A Optionholder by tendering the L&A Shares or the L&A Options (as the case may be) to QPL under the Offers will be deemed to constitute a warranty to QPL that the Offers, allotment and issue of new QPL Shares to such L&A Independent Shareholder or the L&A Optionholder pursuant to the Offers comply with the requirements and restrictions of the applicable laws and regulations of the jurisdiction in which such L&A Independent Shareholder or the L&A Optionholder resides and that such laws and regulations do not require QPL to effect any registration of any securities or prospectus or to undertake any other filing or procedure in that jurisdiction, and agrees to indemnify and keep indemnified QPL against any liability that may arise if such warranty is breached.

The overseas L&A Independent Shareholders and overseas L&A Optionholders will be responsible for the payment of any transfer or other taxes due by such overseas L&A Independent Shareholders and L&A Optionholders in respect of their respective jurisdictions. None of QPL, parties acting in concert with it, the Registrar or any of their respective directors, officers, associates, agents or any other professional adviser(s) to QPL or any other parties involved in the Offers is in a position to advise the overseas L&A Independent Shareholders and overseas L&A Optionholders on their individual tax implications. The L&A Independent Shareholders and L&A Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers. None of QPL, parties acting in concert with it, the Registrar or any of their respective directors, officers, associates, agents or any other professional adviser(s) to QPL or any other parties involved in the Offers accepts any responsibility for any tax effect on, or liabilities of, the relevant L&A Independent Shareholders and L&A Optionholders.

Overseas L&A Independent Shareholders and overseas L&A Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

**10.      GENERAL**

- (a) All communications, notices, Form(s) of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the L&A Independent Shareholders and/or the L&A Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of QPL, its respective ultimate beneficial owners and parties acting in concert with it, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offers accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.

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**APPENDIX I      FURTHER TERMS OF THE OFFERS AND PROCEDURES OF ACCEPTANCE**

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- (b) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to QPL that the number of the L&A Shares in respect of which it is indicated in the Form(s) of Acceptance is the aggregate number of the L&A Shares held by such nominee for such beneficial owners who accept the Offers.
- (c) The provisions set out in the accompanying Form(s) of Acceptance form part of the terms of the Offers.
- (d) The accidental omission to despatch this Offer Document and/or the accompanying Form(s) of Acceptance or either of them to any person to whom the Offers are made shall not invalidate the Offers in any way.
- (e) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (f) Due execution of the Form(s) of Acceptance will constitute an authority to QPL and/or such person or persons as any of them may direct to complete and execute on behalf of the person accepting the Offers, and to do any other act that may be necessary or expedient for the purpose of vesting in QPL, or such person or persons as it may direct the L&A Shares and/or L&A Options in respect of which such person has accepted the Offers.
- (g) The Offers are made in accordance with the Takeovers Code.
- (h) Settlement of the consideration to which any L&A Independent Shareholder or L&A Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which QPL may otherwise be, or claim to be, entitled against such L&A Independent Shareholder or L&A Optionholder.
- (i) References to the Offers in this Offer Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (j) The English text of this Offer Document and of the accompanying Form(s) of Acceptance shall prevail over the Chinese text.

## I. FINANCIAL INFORMATION OF QPL

## 1. FINANCIAL SUMMARY OF QPL

The following is a summary of the financial information of the QPL Group for the three years ended 30 April 2014, 2015 and 2016 and for the six months ended 31 October 2016, which is extracted from the annual reports of QPL for each of the year ended 30 April 2014, 2015 and 2016 and the interim report of QPL for the six months ended 31 October 2016.

	<b>For the six months ended 31 October 2016</b>	<b>For the year ended 30 April</b>		
	<b>2016</b> (HK\$'000) (Unaudited)	<b>2016</b> (HK\$'000) (Audited)	<b>2015</b> (HK\$'000) (Audited) (Note 1)	<b>2014</b> (HK\$'000) (Audited)
Turnover	150,669	287,021	262,303	262,714
Other income	2,875	5,530	9,183	5,415
Other gains and losses	–	262	(533)	7,101
Exchange gain (loss), net	1,743	2,292	(3,001)	(1,006)
Changes in inventories of finished goods and work in progress	87	(445)	52	4,886
Raw materials and consumables used	(69,466)	(132,361)	(122,682)	(112,790)
Staff costs	(42,918)	(94,397)	(80,621)	(74,517)
Depreciation of property, plant and equipment	(804)	(4,623)	(13,175)	(13,256)
Impairment loss on property, plant and equipment	–	(23,100)	(23,424)	–
Net fair value (loss) gain on derivative financial instrument	–	(153)	1,805	(3,679)
Net fair value gain on investments held for trading	3,132	52,031	–	–
Realised loss on investments held for trading	(1,360)	–	–	–
Other expenses	(40,583)	(92,012)	(74,327)	(71,436)
Finance cost	(571)	(1,099)	(1,071)	(733)
Profit (loss) before taxation	2,804	(1,054)	(45,491)	2,699
Taxation	(985)	(9,937)	(1,245)	(1,044)
Profit (loss) for the year/period	1,819	(10,991)	(46,736)	1,655
Other comprehensive (expense) income: <i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(51)	(15)	16	(26)
Net gain on fair value changes of available-for-sale investment	3,757	–	–	2,825
Cumulative fair value change of available-for-sale investment recycled to profit or loss upon disposal	–	–	–	(6,983)
Other comprehensive income (expense) for the year/period	3,706	(15)	16	(4,184)
Total comprehensive income (expense) for the year/period	5,525	(11,006)	(46,720)	(2,529)
Earnings (loss) per share Basic and diluted (HK cents)	0.08	(2.99)	(23.63)	0.22

*Notes:*

- (i) The loss per share figure for the year ended 30 April 2015 were retrospectively restated to account for the effect of the share consolidation of QPL completed on 29 February 2016 and open offer of shares of QPL completed on 6 April 2016.
- (ii) The above financial information relating to QPL for the three years ended 30 April 2014, 2015 and 2016 and for the six months ended 31 October 2016 is derived from but does not constitute the QPL's statutory annual or interim consolidated financial statements for these three years and for the six months ended 31 October 2016.
- (iii) The auditor of QPL did not issue any qualified audit opinion in respect of the audited consolidated financial statements of the QPL Group for each of the three years ended 30 April 2014, 2015 and 2016. The QPL Group had no items which are exceptional because of size, nature or incidence for each of the year ended 30 April 2014, 2015 and 2016 and for the six months ended 31 October 2016.
- (iv) For the three years ended 30 April 2014, 2015 and 2016 and for the six months ended 31 October 2016, the Board resolved not to declare dividend.
- (v) QPL did not record any non-controlling interests for each of the year ended 30 April 2014, 2015 and 2016 and for the six months ended 31 October 2016.

## 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE QPL GROUP FOR THE YEAR ENDED 30 APRIL 2016

Set out below is a reproduction of the text of the audited consolidated financial statements of the QPL Group together with the accompanying notes contained in the annual report of QPL for the year ended 30 April 2016.

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Turnover	7	287,021	262,303
Other income	8	5,530	9,183
Other gains and losses	8	262	(533)
Exchange gain (loss), net		2,292	(3,001)
Changes in inventories of finished goods and work in progress		(445)	52
Raw materials and consumables used		(132,361)	(122,682)
Staff costs		(94,397)	(80,621)
Depreciation of property, plant and equipment	14	(4,623)	(13,175)
Impairment loss on property, plant and equipment	14	(23,100)	(23,424)
Net fair value (loss) gain on derivative financial instrument		(153)	1,805
Net fair value gain on investments held-for-trading		52,031	–
Other expenses		(92,012)	(74,327)
Finance cost		(1,099)	(1,071)
Loss before taxation		(1,054)	(45,491)
Taxation	9	(9,937)	(1,245)
Loss for the year	10	(10,991)	(46,736)
Other comprehensive (expense) income for the year:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(15)	16
Total comprehensive expense for the year		(11,006)	(46,720)
Loss per share			(restated)
Basic and diluted	12	(HK2.99 cents)	(HK23.63 cents)

**Consolidated Statement of Financial Position***At 30 April 2016*

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	14	17,516	33,043
<b>Current assets</b>			
Inventories	15	31,930	30,691
Investments held for trading	17	84,214	–
Trade and other receivables	16	70,192	50,013
Deposits and prepayments	16	6,014	5,052
Bank balances and cash	18	641,668	4,686
		<u>834,018</u>	<u>90,442</u>
<b>Current liabilities</b>			
Trade and other payables	19	32,585	34,721
Trust receipt loans and bills payable	20	–	4,646
Deposits and accrued expenses	19	22,188	23,810
Taxation payable		777	926
Bank and other borrowings	21	37,303	29,763
Obligations under finance leases	22	282	–
Derivative financial instrument	24	–	1,162
		<u>93,135</u>	<u>95,028</u>
<b>Net current assets (liabilities)</b>		<u>740,883</u>	<u>(4,586)</u>
		<u><u>758,399</u></u>	<u><u>28,457</u></u>
<b>Capital and reserves</b>			
Share capital	23	180,501	61,390
Share premium and reserves		568,345	(32,934)
<b>Equity attributable to owners of the Company</b>		<u>748,846</u>	<u>28,456</u>
<b>Non-current liabilities</b>			
Obligations under finance leases	22	967	–
Deferred taxation	25	8,586	1
		<u>9,553</u>	<u>1</u>
		<u><u>758,399</u></u>	<u><u>28,457</u></u>

**Consolidated Statement of Changes in Equity***For the year ended 30 April 2016*

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note a)	Capital redemption reserve HK\$'000 (Note b)	Share options reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 May 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
Loss for the year	-	-	-	-	-	-	(10,991)	(10,991)
Other comprehensive expense for the year	-	-	-	-	-	(15)	-	(15)
Total comprehensive expense for the year	-	-	-	-	-	(15)	(10,991)	(11,006)
Recognition of equity-settled share based payments	-	-	-	-	8,158	-	-	8,158
Issue of new ordinary shares (note 23)	174,362	559,919	-	-	-	-	-	734,281
Transaction costs attributable to issue of new ordinary shares	-	(11,043)	-	-	-	-	-	(11,043)
Capital reduction (Note 23)	(55,251)	-	55,251	-	-	-	-	-
At 30 April 2016	<u>180,501</u>	<u>696,688</u>	<u>95,726</u>	<u>12,310</u>	<u>8,158</u>	<u>269</u>	<u>(244,806)</u>	<u>748,846</u>

*Notes:*

- (a) Contributed surplus at 1 May 2014 and 30 April 2015 represents the excess of the net assets of subsidiaries acquired over the nominal value of the Company's shares issued as consideration. On 29 February 2016, immediately after the share consolidation as disclosed in note 23 (ii), the par value of the ordinary shares of HK\$0.32 each is reduced to HK\$0.08 each by cancelling the paid-up capital to the extent of HK\$0.24 each of the consolidated shares. The amount is credited to the contributed surplus.
- (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.



**Consolidated Statement of Cash Flows***For the year ended 30 April 2016*

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(1,054)	(45,491)
Adjustments for:		
Interest income	(6)	(5)
Interest on bank and other borrowings	1,099	1,071
Depreciation of property, plant and equipment	4,623	13,175
Net fair value loss (gain) on derivative financial instrument	153	(1,805)
Net fair value gain on investments held for trading	(52,031)	–
Impairment for inventories	386	233
Reversal of bad and doubtful debts, net	–	(35)
Equity-settled share-based payment expenses	8,158	–
Gain on disposal of property, plant and equipment, net	(262)	–
Write off of advance payment for acquisition of property, plant and equipment	–	533
Impairment loss on property, plant and equipment	23,100	23,424
	<hr/>	<hr/>
Operating cash outflows before movements in working capital	(15,834)	(8,900)
Increase (decrease) in inventories	(1,625)	4,244
Increase in trade and other receivables	(223,695)	(188,942)
Increase in deposits and prepayments	(962)	(1,216)
Decrease in trade and other payables	(2,136)	(1,047)
Decrease in bills payable	–	839
(Decrease) increase in deposits and accrued expenses	(1,622)	2,592
Increase in investments held for trading	(32,183)	–
	<hr/>	<hr/>
Cash used in operations	(278,057)	(192,430)
Income tax paid	(1,501)	(1,065)
Interest paid	(1,099)	(1,071)
	<hr/>	<hr/>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(280,657)</b>	<b>(194,566)</b>

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
INVESTING ACTIVITIES		
Interest received	6	5
Purchase of property, plant and equipment	(10,732)	(9,193)
Proceeds from disposal of property, plant and equipment	262	–
Payment on settlement of derivative financial instrument	(1,315)	(1,200)
	<u>          </u>	<u>          </u>
NET CASH USED IN INVESTING ACTIVITIES	(11,779)	(10,388)
	<u>          </u>	<u>          </u>
FINANCING ACTIVITIES		
Proceeds from issue of shares	734,281	–
Transaction costs attributable to issue of share	(11,043)	–
New bank borrowings raised	211,682	200,088
Repayment of obligations under finance leases	(215)	–
Advance from a director	43,180	–
Repayment to a director	(43,821)	(233)
New trust receipt loans raised	5,786	40,239
Repayment of trust receipt loans	(10,432)	(39,842)
Decrease in bank overdraft	–	(212)
	<u>          </u>	<u>          </u>
NET CASH FROM FINANCING ACTIVITIES	929,418	200,040
	<u>          </u>	<u>          </u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	636,982	(4,914)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,686	9,600
	<u>          </u>	<u>          </u>
CASH AND CASH EQUIVALENTS AT END OF YEAR Representing bank balances and cash	<u>641,668</u>	<u>4,686</u>

## Notes to the Consolidated Financial Statements

For the year ended 30 April 2016

### 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “corporate information” section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) that is different from the functional currency of the Company which is United States dollars (“USD”) as the directors of the Company control and monitor the performance and financial position of the Company by using HK\$.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners, securities trading and investment holding. Details of the principal activities of the Company’s subsidiaries are set out in note 33.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of these amendments to 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 these consolidated financial statements.

#### New and revised HKFRSs in issue 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>1</sup>
HKFRS 16	Leases <sup>4</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>2</sup>
Amendments to HKFRS 15	Classifications to HKFRS 15 Revenue from contracts with customers <sup>1</sup>
Amendments to HKAS 1	Disclosure initiative <sup>2</sup>
Amendments to HKAS 7	Disclosure initiative <sup>5</sup>
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>2</sup>
Amendments to HKAS 27	Equity method in separate financial statements <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>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidated exception <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle <sup>2</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 2016
- <sup>3</sup> Effective for annual periods beginning on or after a date to be determined
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2017

#### HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede Hong Kong Accounting Standard (“HKAS”) 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flow. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The directors of the Company considered that it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO (Cap.622) and streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 30 April 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 30 April 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The 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, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value for the purposes of measuring inventories in HKAS 2 or value in use for the purposes of impairment assessment in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of estimated customer returns, rebates, discounts, sales related taxes and other similar allowance.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Property, plant and equipment**

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### **Impairment losses on tangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Group as lessee**

Assets held under finance lease are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rate of exchange prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Retirement benefit costs**

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered services entitling them to the contributions.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit (loss) before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax are recognised in profit or loss.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories, in the ordinary course of business, less all estimated costs of completion and the estimated costs necessary to make the sale.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### *Financial assets*

The Group's financial assets are classified into investments held for trading and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.



Interest income is recognised on an effective interest basis for debt instruments.

#### *Investments held for trading*

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as held for trading are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned in the financial assets.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in respect of impairment of financial assets below).

#### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Financial liabilities and equity instruments**

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

*Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

*Other financial liabilities*

Other financial liabilities including trade and other payables, trust receipt loans and bills payable, accrued expenses and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

*Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Share-based payment transactions***Equity-settled share-based payment transactions*

For share option granted to the directors and employees of the Group, the fair value of their services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When the share options are exercised, the amount previously recognised in the share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to accumulated losses.

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is key source of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

##### **Impairment of property, plant and equipment**

Determining whether items of property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment, which is the higher of fair value less costs to sell and value in use of the cash-generating units to which items of property, plant and equipment have been allocated. The Group performed impairment assessment by estimating the value in use of the cash-generating unit in which the property, plant and equipment are attributable to. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The discount rate represents the rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. If the actual future cash flows are less than expected or if there are events or changes in facts or circumstances which results in a revision of estimated cash flow, further impairment loss on property, plant and equipment may arise.

Impairment loss on property, plant and equipment of approximately HK\$23,100,000 (2015: HK\$23,424,000) has been recognized in profit or loss for the year ended 30 April 2016. The carrying amount of property, plant and equipment is HK\$17,516,000 (2015: HK\$33,043,000). Details of the recoverable amount calculation are disclosed in note 14.

#### 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity holders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the trust receipt loans and bank and other borrowings disclosed in notes 20 and 21 respectively, net of cash and cash equivalents, and equity attributable to owner of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure on a regular basis. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group will balance its overall capital structure through the issue of new shares as well as raising new banks/other borrowings and repayment of existing banks/other borrowings, if necessary.

## 6. FINANCIAL INSTRUMENTS

## Categories of financial instruments

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Financial assets</b>		
Investments held for trading		
– at fair value through profit or loss (“FVTPL”)	84,214	–
Loans and receivables (including cash and cash equivalents)	712,158	55,078
<b>Financial liabilities</b>		
Amortised cost	91,230	91,913
Derivative financial instrument	–	1,162
	<u>                    </u>	<u>                    </u>

## Financial risk management objectives and policies

The Group’s major financial instruments include trade and other receivables, investments held for trading, derivative financial instrument, bank balances and cash, trade and other payables, trust receipt loans and bills payable, accrued expenses and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments including market risk (including foreign currency risk, interest rate risk, equity price risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. There has been no significant change to the types of the Group’s exposure in respect of financial instruments or the manner in which it manages and measures the risk.

## Market risk

## (i) Currency risk

The Group operates mainly in Hong Kong and its monetary assets, liabilities and transactions are principally denominated in the functional currencies of respective group entities, which are mainly HK\$ or USD. However, the Group has purchases and expenses transactions which are primarily denominated in Renminbi (“RMB”). The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure to ensure appropriate measures are implemented on a timely and effective manner.

The carrying amounts of the Group’s major foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
RMB	<u>4,317</u>	<u>3,971</u>	<u>30,358</u>	<u>35,767</u>

In addition, at 30 April 2016, the Group’s exposure to foreign currency risk is also arising from inter-company receivables due from foreign operations of approximately HK\$500,000 (2015: HK\$490,000), which were not denominated in the functional currency of the relevant group entities. These inter-company receivables do not form part of the Group’s net investment in foreign operations.

## Sensitivity analysis

The following table details the Group's major sensitivity analysis of a 5% increase and decrease in HK\$ or USD against RMB. 5% (2015: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and the aforesaid inter-company receivables and adjusts their translation at the year end for a 5% change in foreign currency exchange rates. A positive number below indicates a decrease in post-tax loss where the HK\$ or USD strengthen 5% against the relevant foreign currency. For a 5% weakening of the HK\$ or USD against the relevant foreign currency, there would be an equal and opposite impact on the post-tax loss, and the amounts below would be negative.

	2016 HK\$'000	2015 HK\$'000
<b>Decrease in post-tax loss for the year</b>		
RMB	<u>1,277</u>	<u>1,565</u>

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

## (ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate obligation under finance lease (see note 22 for details of the obligation under finance lease).

The Group is exposed to cash flow interest rate risk in relation to the fluctuation of the prevailing market interest rate on interest-bearing financial assets and financial liabilities, which are mainly balances with banks which are short term in nature, and trust receipt loans, bank overdraft and bank borrowings which carry interests at the Hong Kong best lending rate or USD trade finance rate, plus a margin. It is the Group's policy to keep its trust receipt loans and bank borrowings at variable rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors of the Company consider the Group's exposure to interest rate risk on interest bearing bank deposits, are not significant as the bank deposits are within short maturity periods and no material fluctuations on interest rate are expected, so no sensitivity analysis is presented regarding the financial assets.

## Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates for variable rate bearing trust receipt loans and bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point (2015: 100 basis point) represents management's assessment of the reasonably possible change in variable rate bearing trust receipt loans and bank borrowings.

If the interest rates had been 100 basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 30 April 2016 would increase/decrease by approximately HK\$372,000 (2015: HK\$301,000).

## (iii) Equity price risk

The Group is exposed to equity price risk through its investments held for trading. The Group's investment held for trading have significant concentration of price risk in the Hong Kong stock market. All of these investments are equity securities listed in the Stock Exchange. Management manages the exposure by maintaining a portfolio of equity investments of the Group with different risk profiles.

The sensitivity analysis indicates the instantaneous change in the Group's loss for the year that would arise assuming that the changes in the price of the respective trading securities had occurred at the end of the reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period.

At 30 April 2016, if the price of the respective equity instruments had been 10% higher/lower, with all other variables held constant, loss for the year ended 30 April 2016 would decrease/increase by approximately HK\$7,032,000.

## (iv) Other price risk

As at 30 April 2015, the Group was mainly exposed to risk through fluctuations of RMB/USD exchange rate affecting estimation of fair value of its structured foreign currency forwards contract. Details of the forwards contract are set out in note 24.

As at 30 April 2015, fluctuations on the relevant exchange rate were expected, so sensitivity analysis regarding the structured foreign currency forwards contract as at 30 April 2015 are presented below:

The sensitivity analysis on structured foreign currency forwards contracts was estimated by reference to 5% change in foreign currency forward exchange rate at the end of the reporting period. The management of the Group considered that 5% was reasonable change in foreign exchange rate between USD and RMB. The Group's post-tax loss for the year ended 30 April 2015 would decrease/increase by approximately HK\$1,803,000/HK\$1,938,000 where RMB is 5% strengthen/weaken against USD as at year ended.

The contract has been expired during the year ended 30 April 2016.

*Credit risk*

The Group's maximum exposure to credit risk which will cause financial loss to the Group due to failure of the counterparties to discharge their obligations in relation to each class of recognised financial assets arises from the carrying value of those assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables as set out in note 16. The amounts of trade receivables presented in the consolidated statement of financial position are net of allowances for doubtful receivables. In order to minimise the credit risk, the management of the Group is responsible for determination of credit limits and credit approvals and other monitoring procedures are carried out to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The management will remind debtors for the amount of outstanding receivables and the due dates of settlement for the purpose to advise them settling the outstanding balances promptly.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by the international credit rating agencies.

The Group is exposed to concentration of credit risk on its trade receivables. At 30 April 2016, 18% (2015: 18%) of trade receivables is due from the Group's largest customer and 46% (2015: 33%) of trade receivables is due from the other four largest customers of the Group. Continuous subsequent settlements are received and there is no historical default of payments by these customers.

Other than the concentration of credit risks on bank balances and trade receivables, the Group has no significant concentration of credit risk.

*Liquidity risk*

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by cash or other financial assets.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group is satisfied that the Group has sufficient financial resources to meet its financial obligations as they fall due through monitoring internally generated funds, raising new funds through placing of shares and monitoring closely on the utilisation of bank and other borrowings.

The Group also relied on bank and other borrowings as a significant source of liquidity. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, and to arrange additional banking facilities, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. In case of any breach of the loan covenants noted, the Group would communicate with the respective bank to discuss the possibility of revising the relevant loan covenants and arranging for waiver of immediate repayment.

At 30 April 2016, the Group has available unutilised overdrafts and short-term bank borrowing facilities of HK\$9,321,000 (2015: HK\$18,809,000). In the opinion of the directors of the Company, the Group does not have extensive needs of funds in short run and is readily accessible to additional facilities from reputable banks. Details of the Group's bank and other borrowings at 30 April 2016 and 2015 are set out in note 21.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings and trust receipt loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks or financial institutions choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The following table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liability analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net inflows and outflows on those derivatives that require net settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities assuming that the potential knock-out is not triggered as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

## Liquidity and interest rate tables

	Weighted average interest rate %	Repayable on demand HK\$'000	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>2016</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	n/a	-	32,585	-	32,585	32,585
Accrued expenses	n/a	-	21,342	-	21,342	21,342
Bank borrowings – variable rate	3.00	37,228	-	-	37,228	37,228
Borrowings from a director	-	75	-	-	75	75
Obligations under finance leases	3.75	-	324	1,027	1,351	1,249
		<u>37,303</u>	<u>54,251</u>	<u>1,027</u>	<u>92,581</u>	<u>92,479</u>
<b>2015</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	n/a	1,166	33,555	-	34,721	34,721
Trust receipt loans – variable rate	3.00	1,095	-	-	1,095	1,095
Bills payable	n/a	-	3,551	-	3,551	3,551
Accrued expenses	n/a	-	22,783	-	22,783	22,783
Bank borrowings – variable rate	2.60	29,047	-	-	29,047	29,047
Borrowings from a director	-	716	-	-	716	716
		<u>32,024</u>	<u>59,889</u>	<u>-</u>	<u>91,913</u>	<u>91,913</u>
<b>Derivative financial instrument</b>						
Structured foreign currency forwards contract – net outflow	-	-	707	-	707	1,162

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The following table summarises the maturity analysis of bank borrowings and trust receipt loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “repayable on demand” time band in the maturity analysis above. Taking into account the Group’s financial position as at 30 April 2016, the directors of the Company do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The directors of the Company believe that the bank borrowings and trust receipt loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	Weighted average interest rate %	Less than 1 year HK\$'000	1 to 2 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>2016</b>					
Bank borrowings – variable	3.0	<u>37,496</u>	<u>-</u>	<u>37,496</u>	<u>37,228</u>
<b>2015</b>					
Bank borrowings – variable	2.6	<u>29,227</u>	<u>-</u>	<u>29,227</u>	<u>29,047</u>
Trust receipt loans – variable	3.0	<u>1,098</u>	<u>-</u>	<u>1,098</u>	<u>1,095</u>



## 7. 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).

*Segment revenues and results*

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

	Turnover		Segment results	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The USA	60,048	60,800	(2,149)	(890)
Hong Kong	2,286	1,770	(83)	(38)
Europe	3,301	3,167	(109)	(62)
The PRC	99,122	100,659	(3,211)	(2,070)
Philippines	49,298	37,625	(1,644)	(729)
Malaysia	21,322	19,920	(705)	(388)
Singapore	9,419	11,157	(311)	(217)
Thailand	27,453	16,966	(907)	(330)
Reportable segment total	272,249	252,064	(9,119)	(4,724)
Other countries	21,172	19,924	(1,007)	(177)
	293,421	271,988	(10,126)	(4,901)
Eliminations	(6,400)	(9,685)	–	–
Group’s turnover and segment results	<u>287,021</u>	<u>262,303</u>	(10,126)	(4,901)
Depreciation of property, plant and equipment			(4,623)	(13,175)
Net gain on disposal of property, plant and equipment			262	–
Net fair value (loss) gain on derivative financial instrument			(153)	1,805
Net fair value gain on investments held for trading			52,031	–
Write off of advance payment for acquisition of property, plant and equipment			–	(533)
Impairment loss of property, plant and equipment			(23,100)	(23,424)
Equity-settled share-based payment expenses			(8,158)	–
Unallocated interest income			6	5
Unallocated corporate expenses			(6,094)	(4,197)
Interest on bank and other borrowings			(1,099)	(1,071)
Loss before taxation			<u>(1,054)</u>	<u>(45,491)</u>

Included in the USA, PRC and other countries reportable segments are revenue from inter-segments of HK\$5,571,000 (2015: HK\$3,340,000), HK\$829,000 (2015: HK\$1,804,000) and nil (2015: HK\$4,541,000), respectively.

The accounting policies of the operating segment are the same as the Group's accounting policies described in note 3. 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, net fair value (loss) gain on derivative financial instrument, net fair value gain on investments held for trading, impairment loss of property, plant and equipment, write-off of advance payment for acquisition of property, plant and equipment, equity-settled share-based payment expenses, 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 asset**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
The USA	11,056	9,519
Hong Kong	175	487
Europe	874	433
The PRC	27,776	20,150
Philippines	8,568	6,462
Malaysia	2,467	3,200
Singapore	1,299	2,064
Thailand	5,225	2,900
	<hr/>	<hr/>
Reportable segment total	57,440	45,215
Other countries	3,936	4,235
	<hr/>	<hr/>
	61,376	49,450
Unallocated		
Property, plant and equipment	17,516	33,043
Inventories	31,930	30,691
Investments held for trading	84,214	–
Other receivables	8,816	563
Bank balances and cash	641,668	4,686
Other unallocated assets	6,014	5,052
	<hr/>	<hr/>
Consolidated total assets	<u>851,534</u>	<u>123,485</u>

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, investments held for trading, 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>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
The USA	845	2,785
Hong Kong	38	94
Europe	55	161
The PRC	1,610	4,949
Philippines	814	1,913
Malaysia	353	1,014
Singapore	156	568
Thailand	455	864
	<hr/>	<hr/>
Reportable segment total	4,326	12,348
Other countries	297	827
	<hr/>	<hr/>
	<b>4,623</b>	<b>13,175</b>
	<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 of HK\$17,516,000 (2015: HK\$33,043,000) are located in the PRC.

*Information about major customers*

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Customer A – the USA	50,968	48,718
	<hr/> <hr/>	<hr/> <hr/>

*Information about major products*

The Group is solely engaged in the manufacture and sale of leadframes, including integrated circuit leadframes, heatsinks and stiffeners.

## 8. OTHER INCOME AND OTHER GAINS AND LOSSES

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>Other income</b>		
Sales of by-products and scrap	5,510	9,124
Interest income	6	5
Sundry income	14	54
	<u>5,530</u>	<u>9,183</u>
<b>Other gains and losses</b>		
Net gain on disposal of property, plant and equipment	262	–
Write off of advance payment for acquisition of property, plant and equipment	–	(533)
	<u>262</u>	<u>(533)</u>

## 9. TAXATION

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
The charge comprises:		
Current tax:		
PRC Enterprise Income Tax	1,352	1,245
Deferred tax ( <i>note 25</i> )	8,585	–
	<u>9,937</u>	<u>1,245</u>

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

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

The tax charge for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Loss before taxation	(1,054)	(45,491)
Tax at Hong Kong Profits Tax rate of 16.5%	(174)	(7,506)
Tax effect of expenses not deductible for tax purpose	729	547
Tax effect of income not taxable for tax purpose	(45)	(3)
Tax effect of non-allowable losses of offshore operation	3,897	3,458
Effect of different tax rates of operation in the PRC	1,352	1,245
Tax effect of tax losses not recognised	4,191	3,551
Tax effect of utilisation of tax losses previously not recognised	(13)	(67)
Others	–	20
Tax charge for the year	<u>9,937</u>	<u>1,245</u>

#### 10. LOSS FOR THE YEAR

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

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Staff costs ( <i>Note (i)</i> )	102,555	80,621
Repair and maintenance expenses	13,405	10,972
Impairment for inventories (included in raw materials and consumables used)	386	233
Reversal of impairment for bad and doubtful debts, net	–	(35)
Auditor's remuneration	1,100	1,000
Interest on obligation under finance lease	16	–
Interest on borrowings	1,083	1,071
Operating lease rentals in respect of premises	<u>11,388</u>	<u>11,557</u>

*Note:*

- (i) Directors' emoluments and the equity-settled share-based payment expenses as disclosed in note 13 are included in the above staff costs.

#### 11. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year ended 30 April 2016 (2015: nil).

## 12. LOSS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year attributable to the owners of the Company for the purposes of basic and diluted loss per share	<u>(10,991)</u>	<u>(46,736)</u>
	<b>2016</b>	<b>2015</b> (restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>367,901,031</u>	<u>197,801,056</u>

The computation of loss per share does not assume the exercise of the Company's outstanding share options as their exercise would result in a decrease in loss per share.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for share consolidation on 29 February 2016 and open offer on 6 April 2016.

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS/EMPLOYEES' EMOLUMENTS

## Directors' and chief executive's emoluments

The emoluments paid or payable to each of the eight (2015: eight) directors were as follows:

	Executive directors <i>(note v)</i>		Non-executive director <i>(note vi)</i>		Independent non-executive directors <i>(note vii)</i>			Total <i>HK\$'000</i>	
	Li Tung Lok <i>HK\$'000</i>	Phen Hoi Ping Patrick <i>HK\$'000</i>	Tung Siu Ching <i>HK\$'000</i> <i>(note iii)</i>	Wong Wai Man <i>HK\$'000</i> <i>(note ii)</i>	How Sze Ming <i>HK\$'000</i>	Lee Kwok Wan <i>HK\$'000</i>	Chan Kin Fung Phil <i>HK\$'000</i> <i>(note i)</i>		Yau Chi Hang <i>HK\$'000</i> <i>(note iv)</i>
<b>2016</b>									
Fees	132	-	-	181	250	250	34	87	934
Other emoluments									
Salaries and other benefits	-	1,485	132	-	-	-	-	-	1,617
Retirement benefit schemes contribution	-	74	7	-	-	-	-	-	81
Equity-settled share-based payment	5,886	1,784	-	-	-	-	-	-	7,670
	<u>6,018</u>	<u>3,343</u>	<u>139</u>	<u>181</u>	<u>250</u>	<u>250</u>	<u>34</u>	<u>87</u>	<u>10,302</u>
<b>2015</b>									
Fees	135	-	-	-	250	250	250	-	885
Other emoluments									
Salaries and other benefits	-	1,485	-	-	-	-	-	-	1,485
Retirement benefit schemes contribution	-	74	-	-	-	-	-	-	74
	<u>135</u>	<u>1,559</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>-</u>	<u>2,444</u>

*Notes:*

- i. Mr. Chan Kin Fung, Phil was resigned as independent non-executive director on 18 June 2015.
- ii. Mr. Wong Wai Man was appointed as non-executive director on 30 April 2015.
- iii. Ms. Tung Siu Ching was appointed as executive director on 18 June 2015.
- iv. Mr. Yau Chi Hang was appointed as independent non-executive director on 18 June 2015.
- v. The Executive Directors' emoluments shown above were mainly for the services in connection with the management of the affairs of the Company and the Group.
- vi. The Non-Executive Director's emoluments shown above were mainly for the services as director of the Company.
- vii. The Independent Non-Executive Directors' emoluments shown above were mainly for the services as directors of the Company.

Mr. Li Tung Lok ("Mr. Li") is also the Chief Executive of the Company and his emoluments disclosure above include those for services rendered by him as the Chief Executive.

The emoluments payable to directors of the Company as approved by the board of directors on the recommendation of the remuneration committee, are having regarded to their individual duties and responsibilities with the Company, remuneration benchmark in the industry and prevailing market conditions.

During the years ended 30 April 2016 and 2015, no emoluments were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 30 April 2015, Mr. Li waived emoluments of HK\$12,065,000. Other than this, there was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 30 April 2016 and 2015.

**Employees' emoluments**

The emoluments of the five highest paid individuals included two (2015: one) executive director of the Company, whose emolument is included above. The aggregate emoluments of the remaining three (2015: four) highest paid individuals are as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Salaries and other benefits	3,166	4,007
Retirement benefits schemes contribution	78	111
Equity-settled share-based payment expense	29	–
	<u>3,273</u>	<u>4,118</u>

Their emoluments were within the following bands:

	<b>2016</b> <b>Number of</b> <b>employees</b>	<b>2015</b> <b>Number of</b> <b>employees</b>
HK\$nil – HK\$1,000,000	1	1
HK\$1,000,001 – HK\$1,500,000	2	3
	<u>3</u>	<u>4</u>

During the years ended 30 April 2016 and 2015, no emoluments were paid or payable by the Group to the five highest paid individuals (including directors and employees) as an inducement to join the Group or as compensation for loss of office.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Plant and machinery HK\$'000	Moulds, toolings and production films HK\$'000	Construction in progress HK\$'000 (Note)	Total HK\$'000
<b>COST</b>							
At 1 May 2014	45,235	14,912	2,751	561,162	64,609	9,867	698,536
Additions	1,003	62	406	3,901	4,528	787	10,687
Transfer	-	-	-	813	-	(813)	-
At 30 April 2015	46,238	14,974	3,157	565,876	69,137	9,841	709,223
Additions	119	336	1,464	6,507	3,770	-	12,196
Disposal	-	-	(1,827)	-	-	-	(1,827)
<b>At 30 April 2016</b>	<b>46,357</b>	<b>15,310</b>	<b>2,794</b>	<b>572,383</b>	<b>72,907</b>	<b>9,841</b>	<b>719,592</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS</b>							
At 1 May 2014	39,390	14,166	2,424	537,938	45,663	-	639,581
Provided for the year	1,210	302	341	7,403	3,919	-	13,175
Impairment	-	-	-	13,472	9,952	-	23,424
At 30 April 2015	40,600	14,468	2,765	558,813	59,534	-	676,180
Provided for the year	1,256	263	262	1,556	1,286	-	4,623
Eliminated on disposals	-	-	(1,827)	-	-	-	(1,827)
Impairment	3,635	-	-	9,703	9,762	-	23,100
<b>At 30 April 2016</b>	<b>45,491</b>	<b>14,731</b>	<b>1,200</b>	<b>570,072</b>	<b>70,582</b>	<b>-</b>	<b>702,076</b>
<b>CARRYING VALUES</b>							
<b>At 30 April 2016</b>	<b>866</b>	<b>579</b>	<b>1,594</b>	<b>2,311</b>	<b>2,325</b>	<b>9,841</b>	<b>17,516</b>
<b>At 30 April 2015</b>	<b>5,638</b>	<b>506</b>	<b>392</b>	<b>7,063</b>	<b>9,603</b>	<b>9,841</b>	<b>33,043</b>

Note: During the year ended 30 April 2015, part of the construction in progress with carrying amount of HK\$813,000, has been completed in current year and transferred to plant and machinery.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives:

Leasehold improvements	8 years
Furniture, fixtures and equipment	5 – 8 years
Motor vehicles	5 years
Plant and machinery	6 – 12 years
Moulds, toolings and production films	6 years

The net book value of the Group's motor vehicles includes an amount HK\$1,402,000 (2015: nil) in respect of assets held under finance leases.

At the end of the reporting period, in the view of operating loss of manufacturing business, the directors of the Company conducted a review of the Group's property, plant and equipment and determined that the recoverable amount of the property, plant and equipment is lower than its carrying amount as at 30 April 2016, accordingly an impairment of HK\$23,100,000 (2015: HK\$23,424,000) has been recognised in profit or loss for the year ended 30 April 2016. The recoverable amounts of the property, plant and equipment of the Group have been determined on the basis of value in use calculation. The discount rate used in measuring the value in use was 14.6% (2015: 14.6%) per annum.



## 15. INVENTORIES

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Raw materials and consumables	20,014	18,330
Work in progress	8,890	10,243
Finished goods	3,026	2,118
	<u>31,930</u>	<u>30,691</u>

## 16. TRADE AND OTHER RECEIVABLES/DEPOSITS AND PREPAYMENTS

## Trade and other receivables

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Trade receivables	61,469	49,543
Less: Allowance for bad and doubtful debts	(93)	(93)
	<u>61,376</u>	<u>49,450</u>
Others receivables	8,816	563
	<u>70,192</u>	<u>50,013</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>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Within 30 days	23,076	20,615
Between 31 and 60 days	22,499	16,242
Between 61 and 90 days	8,776	6,540
Over 90 days	7,025	6,053
	<u>61,376</u>	<u>49,450</u>

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\$20,425,000 (2015: HK\$15,449,000) 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.

The following is an aged analysis of trade debtors, presented based on due date of respective invoice, which are past due but not impaired:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Within 90 days	19,455	14,681
Over 90 days	970	768
	<u>20,425</u>	<u>15,449</u>

The following is the movement in the allowance for bad and doubtful debts:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
At beginning of year	93	128
Reversal of impairment for bad and doubtful debts	–	(35)
	<u>93</u>	<u>93</u>

#### **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\$48,652,000 (2015: HK\$36,611,000) and has recognised the cash received on the transfer as collateralised bank borrowings (see note 21) of approximately HK\$37,228,000 (2015: HK\$29,047,000) as at 30 April 2016.

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

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Carrying amount of transferred assets	48,652	36,611
Carrying amount of associated liabilities	(37,228)	(29,047)
	<u>11,424</u>	<u>7,564</u>

#### **Deposits and prepayments**

Included in the Group's deposits is an aggregate amount of approximately HK\$1,895,000 (2015: HK\$384,000) denominated in RMB, the foreign currency of respective group entities.

### **17. INVESTMENTS HELD FOR TRADING**

Held for trading investments represented equity securities listed in Hong Kong.

**18. BANK BALANCES AND CASH**

Bank balances held by the Group comprised of bank deposits which carried prevailing market interest rates ranging from 0.01% to 0.46% (2015: 0.01% to 0.42%) per annum. The bank deposits have the original maturity of three months or less.

Included in the Group's bank balances and cash is an aggregate amount of approximately HK\$2,422,000 (2015: HK\$3,587,000) denominated in RMB, the foreign currency of respective group entities.

**19. TRADE AND OTHER PAYABLES and deposits and accrued expenses**

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

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Trade payables		
Within 30 days	7,834	6,074
Between 31 and 60 days	4,291	4,029
Between 61 and 90 days	2,467	2,162
Over 90 days	8,974	9,487
	<u>23,566</u>	<u>21,752</u>
Other payables	9,019	12,969
	<u>32,585</u>	<u>34,721</u>

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

Included in the Group's trade and other payables and accrued expenses are aggregate carrying amounts of approximately HK\$14,858,000 (2015: HK\$18,031,000) and HK\$15,425,000 (2015: HK\$16,949,000) denominated in RMB, the foreign currency of respective group entities, respectively.

**20. TRUST RECEIPT LOANS AND BILLS PAYABLE**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Trust receipt loans	–	1,095
Bills payable	–	3,551
	<u>–</u>	<u>4,646</u>

At 30 April 2015, bills payable were non-interest bearing and aged within 30 days.

Trust receipt loans carried interest at effective interest rates (which were also equal to contracted interest rates) ranging from 3.5% to 4.0% per annum as at 30 April 2015 and were matured within 60 days but contained a repayable on demand clause.

## 21. BANK AND OTHER BORROWINGS

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Collateralised bank borrowings ( <i>Note a</i> )	37,228	29,047
Borrowings from a director ( <i>Note b</i> )	75	716
	<u>37,303</u>	<u>29,763</u>
Carrying amount shown under current liabilities: Repayable on demand or within one year	<u>37,303</u>	<u>29,763</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 were advanced from Mr. Li, a director of the Company are interest-free and unsecured. The whole amount of approximately HK\$75,000 (2015: nil) denominated in RMB, the foreign currency of respective group entities.

## 22. OBLIGATIONS UNDER FINANCE LEASES

The Group leased two of its motor vehicles under finance leases. The lease term is 5 years. Interest rates underlying all obligations under finance leases are fixed at contract rate at 3.75% per annum. No arrangements have been entered into for contingent rental payments.

	<b>Minimum lease payments</b> <i>HK\$'000</i>	<b>Present value of minimum lease payments</b> <i>HK\$'000</i>
Amounts payable under finance leases:		
Within one year	324	282
In more than one year and not more than five years	1,027	967
	<u>1,351</u>	<u>1,249</u>
Less: Future finance charges	(102)	N/A
Present value of lease obligations	<u>1,249</u>	1,249
Less: Amount due for settlement within 12 months (shown under current liabilities)		<u>(282)</u>
Amount due for settlement after 12 months		<u>967</u>

The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

## 23. SHARE CAPITAL

	Number of shares		Nominal value	
	2016	2015	2016 HK\$'000	2015 HK\$'000
Authorised:				
At beginning of year				
– Ordinary shares of HK\$0.08 each	1,500,000,000	1,500,000,000	120,000	120,000
Share consolidation ( <i>note ii</i> )	(1,125,000,000)	–	–	–
Capital reduction ( <i>note iii</i> )	1,125,000,000	–	–	–
Creation of authorised share capital on 29 February 2016	13,500,000,000	–	1,080,000	–
At end of year				
– Ordinary shares of HK\$0.08 each	<u>15,000,000,000</u>	<u>1,500,000,000</u>	<u>1,200,000</u>	<u>120,000</u>
Redeemable preference shares of HK\$0.02 each				
At beginning and end of year	<u>500,000,000</u>	<u>500,000,000</u>	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:				
At beginning of year				
– Ordinary shares of HK\$0.08 each	767,373,549	767,373,549	61,390	61,390
Issue of shares under placement ( <i>note i</i> )	153,470,000	–	12,278	–
Share consolidation ( <i>note ii</i> )	(690,632,662)	–	–	–
Capital reduction ( <i>note iii</i> )	–	–	(55,251)	–
Issue of shares under placement ( <i>note iv</i> )	875,000,000	–	70,000	–
Share issued upon open offer ( <i>note v</i> )	1,151,054,435	–	92,084	–
At end of year				
– Ordinary shares of HK\$0.08 each	<u>2,256,265,322</u>	<u>767,373,549</u>	<u>180,501</u>	<u>61,390</u>

## Notes:

(i) Issue of ordinary shares by private placements and open offer

On 2 June 2015, the Company and a placing agent entered into the placing agreement pursuant to which the placing agent agreed to place, on a best endeavour basis, to not less than six independent places for up to 153,470,000 new ordinary shares of HK\$0.08 each at a price of HK\$0.56 per placing share. The private placement was completed on 16 June 2015.

(ii) Share consolidation

On 29 February 2016, every four ordinary shares of par value of HK\$0.08 each consolidated into one ordinary share of HK\$0.32 each.

(iii) Capital reduction

On 29 February 2016, immediately after the share consolidation as disclosed in (ii) above, the par value of the ordinary shares of HK\$0.32 each is reduced to HK\$0.08 each by cancelling the paid-up capital to the extent of HK\$0.24 each of the consolidated shares.

(iv) Issue of ordinary shares by private placements

On 7 January 2016, the Company entered into the placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed to place, on a best efforts basis, up to 875,000,000 new ordinary shares of HK\$0.08 each at the placing price of HK\$0.32 per placing share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The private placement was completed on 7 April 2016.

(v) Issue of ordinary shares upon open offer

On 6 April 2016, the Company issued 1,151,054,435 new ordinary shares of HK\$0.08 each by way of open offer at an offer price of HK\$0.32 per share, on the basis of five new ordinary shares for every one share in issue held.

The proceeds were used to provide additional working capital for the Company. These new shares rank pari passu with other shares in issue in all respects.

**24. DERIVATIVE FINANCIAL INSTRUMENT**

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Derivative financial liability: :		
Structured foreign currency forwards contract	–	1,162

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. Contract A has been fully matured in October 2015.

**Disclosures – Offsetting financial assets and financial liabilities**

The Group has entered into the International Swaps and Derivatives Association Master Netting Agreements (“ISDA Agreements”) with a bank, which is also the bank in arranging invoice factoring set out in note 16, in respect of its dealings in the structured foreign currency forwards contracts. The below recognised financial assets and financial liabilities are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. Details are set out below.

At 30 April 2016

	Gross/net amounts presented on consolidated statement of financial position <i>HK\$'000</i>	Financial instrument not set off in the consolidated statement of financial position <i>HK\$'000</i>	Net amount <i>HK\$'000</i>
Recognised financial assets: :			
– Trade receivables	48,652	(37,228)	11,424
Recognised financial liabilities: :			
– Collateralised bank borrowings	(37,228)	37,228	–

At 30 April 2015

	Gross/net amounts presented on consolidated statement of financial position <i>HK\$'000</i>	Related amounts not set off in the consolidated statement of financial position  Cash collateral received/ pledged <i>HK\$'000</i>	Net amount <i>HK\$'000</i>
Recognised financial assets:			
– Bank balances	1,597	(1,162)	435
– Trade receivables	36,611	(29,047)	7,564
Total	38,208	(30,209)	7,999
Recognised financial liabilities:			
– Structured foreign currency forwards contract	(1,162)	–	1,162
– Collateralised bank borrowings	(29,047)	29,047	–
Total	(30,209)	29,047	1,162

## 25. DEFERRED TAX LIABILITIES

At the end of the reporting period and during the year, deferred tax liabilities (assets) have been recognised in respect of the temporary differences attributable to the following:

	Unrealised gain on investment held for trading <i>HK\$'000</i>	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2014	–	2,923	(2,922)	1
(Credit) charge to consolidated statement of comprehensive income ( <i>Note 9</i> )	–	(2,145)	2,145	–
At 30 April 2015	–	778	(777)	1
Charge (credit) to consolidated statement of comprehensive income ( <i>Note 9</i> )	8,585	(777)	777	8,585
<b>At 30 April 2016</b>	<b>8,585</b>	<b>1</b>	<b>–</b>	<b>8,586</b>

At the end of the reporting period, the Group has estimated unused tax losses of HK\$456,098,000 (2015: HK\$435,486,000) available for offset against future profits. As at 30 April 2016, no deferred tax asset has been recognised in respect of such losses. As at 30 April 2015, deferred tax asset of HK\$4,709,000 has been recognised and no deferred tax asset has been recognised in respect of the remaining HK\$430,777,000 due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$1,193,000 (2015: HK\$1,389,000) that will expire within 5 years. Other tax losses may be carried forward indefinitely.

## 26. 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 asset and liability that is measured at fair value on a recurring basis

The Group's financial asset and 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 instruments	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	2016	2015		
Investments held for trading – equity securities listed in Hong Kong	HK\$84,214,000	N/A	Level 1	Quoted bid priced in an active market
Structured foreign currency forwards contract	N/A	HK\$1,162,000	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.

**27. MAJOR NON-CASH TRANSACTIONS**

During the year ended 30 April 2016, the Group's repayment of the collateralised bank borrowings of approximately HK\$203,516,000 (2015: HK\$210,001,000) was offset by the trade receivables transferred to a bank.

During the year ended 30 April 2016, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of HK\$1,464,000.

**28. CAPITAL COMMITMENTS**

At the end of the reporting period, the Group had outstanding capital commitments as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	4,198	3,273

**29. LEASE COMMITMENTS**

At the end of the reporting period, the Group had commitments in respect of premises for future minimum lease payments under operating leases, which fall due as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Within one year	10,817	10,677
In the second to fifth year inclusive	39,276	39,811
Over five years	4,012	14,100
	<u>54,105</u>	<u>64,588</u>

Leases are negotiated for a term of seven years for certain production facilities in the PRC and terms of one to two years for other premises with fixed monthly rentals.

**30. RETIREMENT AND PENSION SCHEMES**

The Group currently participates in MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs or capped at HK\$1,500 (HK\$1,250 before 1 June 2014) (based on the choice of employees) to the MPF Scheme in Hong Kong, which contribution is matched by employees.

The employees of the Company's subsidiaries in the PRC are members of retirement benefits schemes operated by the PRC government. The relevant PRC subsidiaries were required to contribute certain percentages of the monthly salaries of their current employees to fund the benefits. The employees were entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government was responsible for the pension liability to the retired staff.

Contributions to the above schemes for the year ended 30 April 2016 made by the Group amounted to HK\$6,646,000 (2015: HK\$5,205,000).

### 31. SHARE-BASED PAYMENT TRANSACTIONS

#### Equity-settled share option scheme

##### *The 2006 Share Option Scheme (the "2006 Scheme")*

The Company's 2006 Scheme was adopted pursuant to an ordinary resolution passed on 29 November 2006. The purpose of 2006 the Scheme is to provide the eligible persons (the "Eligible Persons") as defined in the Scheme with the opportunity to acquire interests in the Company and to encourage the Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Board of Directors of the Company (the "Board") may grant options to the Eligible Persons, including, but not limited to, full-time employees or directors (excluding Mr. Li) of the Company and its subsidiaries (the "Eligible Employee(s)") or his or her associate.

A share option granted by the Company at nil consideration is exercisable at any time for a period determined by its directors which shall not be later than the day immediately preceding the fifth anniversary of the date of grant, where the acceptance date should not be later than 28 days after the date of offer. The exercise price (subject to adjustment as provided therein) of the option under the Scheme shall be determined by the Board but shall not be less than the highest of (i) the nominal value of the shares; (ii) the closing price per share as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; or (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant of the options.

All the outstanding share options under the 2006 Scheme had been lapsed during the year ended 30 April 2015.

##### *The 2015 Share Option Scheme (the "New Scheme")*

The Company's New Scheme was adopted pursuant to an ordinary resolution passed on 15 September 2015 (the "Adoption Date"), which has a terms of 10 years commencing on the Adoption Date. The purpose of the New Scheme is to provide the eligible participants (the "Eligible Participants") as defined in the New Scheme with the opportunity to acquire interests in the Company and to encourage the Eligible Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Board may grant options to the Eligible Participants, including, but not limited to, (a) any employee (whether full-time or part-time, including any executive directors but excluding any non-executive director) of any member of the Group or any entity in which any member of the Group holds any equity interest (the "Invested Entity") and (b) any non-executive directors of any member of the Group or any Invested Entity.

A share option granted by the Company is exercisable at any time or times during the option period determined by its directors. The Eligible Participants who accepted the offer of the option (the "Guarantee") are not required to achieve any performance targets before any option granted under the New Scheme can be exercise. The date of the expiry of the share option determine by the Board which shall not be later than the 10th anniversary of the Commencement Date in respect of such share option. The option acceptance date should not be later than 28 days after the date of offer. The exercise price (subject to adjustment as provided therein) of the option under the New Scheme shall be determined by the Board but shall not be less than the highest of (i) the nominal value of the shares; (ii) the closing price per share as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; or (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant of the options.

The maximum number of shares in respect of which options may be granted under the New Scheme shall not exceed such number of shares as required under the Listing Rules, being 10% of the shares in issue as Adoption Date, excluding the shares which would have been issuable pursuant to the options which have lapsed pursuant to the New Scheme.

At 30 April 2016, an aggregate of 22,870,000 share options granted under the New Scheme remained outstanding representing 1.0% of the issued share capital of the Company. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any one grantee in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue in such 12-month period up to and including the proposed date of grant, without prior approval from the Company's shareholders.

*Movement during the year*

The following table discloses movements of the Company's share options held by the directors of the Company and employees under the New Scheme during the year:

Option type	Date of grant	Exercise price HK\$	Outstanding at		Movements during the year			Outstanding at
			1 May 2015	Granted	Exercised	Forfeited	Lapsed	30 April 2016
Directors	22 April 2016	0.620	-	21,500,000	-	-	-	21,500,000
Employees	22 April 2016	0.620	-	1,370,000	-	-	-	1,370,000
			-	22,870,000	-	-	-	22,870,000
Exercisable at the end of the year								22,870,000
Weighted average exercise price			-	HK\$0.620	-	-	-	HK\$0.620

The following table discloses movements of the Company's share options held by the directors of the Company and employees under the 2006 Scheme during the prior year:

Option type	Date of grant	Exercise price HK\$	Outstanding at		Movements during the year			Outstanding at
			1 May 2014	Granted	Exercised	Forfeited	Lapsed (note a)	30 April 2015
Directors	3 December 2009	0.455	1,260,000	-	-	-	(1,260,000)	-
Employees	3 December 2009	0.455	9,203,500	-	-	-	(9,203,500)	-
			10,463,500	-	-	-	(10,463,500)	-
Exercisable at the end of the year								-
Weighted average exercise price			HK\$0.455	-	-	-	HK\$0.455	-

*Note:*

(a) During the year ended 30 April 2015, all the outstanding share options under the Scheme have been lapsed.

Share options were granted on 3 December 2009 and 22 April 2016.

Under the 2006 Scheme, two-third of total share options can be exercised at any time from the date of acceptance whereas one-third of total share options can be exercised on and after the first anniversary of the grant date, provided the grantee has been in continuous employment with the Group for one year from the date of such grantee's commencement of employment with or appointment by the Group, until the date immediately preceding the fifth anniversary of the grant date.

Under the New Scheme, share options can be exercised at any time from the date of acceptance. The Guarantees are not required to achieve any performance targets before any option granted under the New Scheme can be exercised.

The fair value of share options granted during the years ended 30 April 2016 amount to approximately HK\$8,158,000 (2015: nil) were recognised as expenses in the consolidated statement of profit or loss and other comprehensive income. The Company had used the Binomial Option Pricing Model to value the share options granted.

The following major assumptions were used to calculate the fair values of share options granted on 22 April 2016:

Exercisable period	10 years
Closing share price at grant date	HK\$0.60
Exercise price	HK\$0.62
Expected volatility ( <i>note a</i> )	79.72%
Expected dividend yield ( <i>note b</i> )	0%
Risk-free interest rate ( <i>note c</i> )	1.36%

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The fair value of share option varies with different variables of certain subjective assumptions.

*Notes:*

- (a) The expected volatility was determined with reference to the historical daily volatilities of the share prices of the Company.
- (b) The expected dividend yield was determined based on the historical dividend yield payout of the Company.
- (c) The risk-free interest rate was determined with reference to the Hong Kong sovereign bond curve as of with the same term to maturity.

### 32. RELATED PARTY TRANSACTIONS

In the ordinary course of its business, the Group entered into the following transactions with related parties:

- (A) At 30 April 2016 and 2015, interest-free loans were obtained from Mr. Li, a director and a shareholder of the Company with significant influence over the Company, as disclosed in note 21.

#### (B) Compensation of Key Management Personnel

The remuneration of directors of the Company and other members of key management during the year were as follows:

	2016 HK\$'000	2015 HK\$'000
Fees and salaries	3,199	4,087
Retirement benefit schemes	99	110
Equity-settled share-based payment expense	7,670	–
	<u>10,968</u>	<u>4,197</u>

The remuneration of directors of the Company and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following are the particulars regarding the Company's subsidiaries at 30 April 2016 and 2015 which principally affect the results, assets or liabilities of the Group. The directors of the Company are of the opinion that a full list of all the subsidiaries will be of excessive length. These subsidiaries operate principally in the place of establishment/incorporation unless otherwise indicated.

Name of subsidiary	Place of establishment/ incorporation	Principal activities	Paid up registered capital/ Issued share capital	Proportion of nominal value of registered capital/ issued share capital held by			
				Company		Subsidiary	
				2016 %	2015 %	2016 %	2015 %
The Industrial Investment Company Limited	Cayman Islands	Investment holding	2,050 ordinary shares of HK\$1 each	2.44	2.44	97.56	97.56
QPL (Holdings) Limited	Hong Kong	Investment holding	408,000,772 ordinary shares of HK\$0.04 each	100	100	-	-
QPL Limited ( <i>Note a</i> )	Hong Kong	Manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners	2 ordinary shares of HK\$1 each and 1,000 non-voting deferred shares of HK\$1 each ( <i>Note b</i> )	-	-	100	100
QPL (US) Inc.	The USA	Distribution of integrated circuit leadframes and investment holding	150,603 ordinary shares of no par value, paid up to USD4,071,281	66.4	66.4	33.6	33.6
東輝電子（深圳）有限公司 ( <i>Note c</i> )	The PRC	Distribution of stamped leadframes and moulds	USD3,000,000	-	-	100	100
Enma Holdings Limited	British Virgin Island	Securities trading	1 ordinary share of USD1 each ( <i>Note d</i> )	100	-	-	-

*Notes:*

- (a) Operating principally in the PRC.
- (b) The deferred shares, which are held by the Group, are practically of no economic value.
- (c) The entity is a wholly foreign owned enterprises established in the PRC.
- (d) The entity was incorporated during the year ended 30 April 2016.

None of the subsidiaries had issued any debt securities at any time during both years or at the end of both years.

## 34. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2016 HK\$'000	2015 HK\$'000
Investments in subsidiaries and amounts due from subsidiaries	188,625	20,863
Bank balances and cash	549,123	60
Other current assets	1,536	2
Amounts due to subsidiaries	(2,307)	(2,327)
Other borrowings	–	(716)
Other current liabilities	(3,415)	(1,156)
	<u>733,562</u>	<u>16,726</u>
Share capital ( <i>Note 23</i> )	180,501	61,390
Share premium and reserves	553,061	(44,664)
	<u>733,562</u>	<u>16,726</u>

## Movement in share premium and reserves

	Share premium HK\$'000 ( <i>Note a</i> )	Contributed surplus HK\$'000 ( <i>Note b</i> )	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 May 2014	147,812	75,878	12,310	2,026	(276,510)	(38,484)
Loss and total comprehensive expense for the year	–	–	–	–	(4,154)	(4,154)
Lapse of share options	–	–	–	(2,026)	–	(2,026)
At 30 April 2015	147,812	75,878	12,310	–	(280,664)	(44,664)
Loss and total comprehensive expense for the year	–	–	–	–	(14,560)	(14,560)
Recognition of equity-settled share based payments	–	–	–	8,158	–	8,158
Issue of new ordinary share ( <i>note 23</i> )	559,919	–	–	–	–	559,919
Transaction costs attributable to issue of new ordinary shares	(11,043)	–	–	–	–	(11,043)
Capital reduction ( <i>note 23</i> )	–	55,251	–	–	–	55,251
At 30 April 2016	<u>696,688</u>	<u>131,129</u>	<u>12,310</u>	<u>8,158</u>	<u>(295,224)</u>	<u>553,061</u>

Notes:

- (a) Contributed surplus at 1 May 2014 and 30 April 2015 represents the excess of the net assets of subsidiaries acquired over the nominal value of the Company's shares issued as consideration. On 29 February 2016, immediately after the share consolidation as disclosed in note 23(ii), the par value of the ordinary shares of HK\$0.32 each is reduced to HK\$0.08 each by cancelling the paid-up capital to the extent of HK\$0.24 each of the consolidated shares. The amount is credited to the contributed surplus.
- (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.

## 35. EVENT AFTER THE END OF THE REPORTING PERIOD

No significant event has taken place subsequent to 30 April 2016.

### 3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE QPL GROUP FOR THE SIX MONTHS ENDED 31 OCTOBER 2016

Set out below is a reproduction of the text of the unaudited condensed consolidated financial statements of the QPL Group together with the accompanying notes contained in the interim report of QPL for the six months ended 31 October 2016.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months ended 31 October 2016

	Notes	Six months ended 31 October	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Turnover	3	150,669	152,498
Other income	4	2,875	5,422
Exchange gain/(loss), net		1,743	(624)
Changes in inventories of finished goods and work in progress		87	1,357
Raw materials and consumables used		(69,466)	(77,954)
Staff costs		(42,918)	(45,368)
Depreciation of property, plant and equipment		(804)	(2,084)
Net loss on fair value change of derivative financial instrument		–	(153)
Net gain on fair value changes of investments held for trading		3,132	79,401
Realised loss on investments held for trading		(1,360)	–
Other expenses		(40,583)	(42,767)
Finance cost		(571)	(520)
Profit before taxation		2,804	69,208
Taxation	5	(985)	(13,864)
Profit for the period	6	1,819	55,344
<b>Other comprehensive income (expense):</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(51)	(5)
Changes in fair value of available-for-sale investments		3,757	–
Total comprehensive income for the period		5,525	55,339
(Restated)			
<b>Earnings per share</b>			
Basic	8	HK0.08 cents	HK24.33 cents
Diluted	8	HK0.08 cents	HK24.33 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 October 2016

	<i>Notes</i>	<b>At 31 October 2016</b> <i>HK\$'000</i> (Unaudited)	<b>At 30 April 2016</b> <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	24,347	17,516
<b>Current assets</b>			
Inventories		33,261	31,930
Available-for-sale investments		43,757	–
Investments held for trading		258,947	84,214
Trade and other receivables	10	61,083	70,192
Deposits and prepayments		12,257	6,014
Bank balances and cash		413,909	641,668
		<u>823,214</u>	<u>834,018</u>
<b>Current liabilities</b>			
Trade and other payables	11	34,962	32,585
Deposits and accrued expenses		18,704	22,188
Taxation payable		765	777
Bank and other borrowings	12	28,118	37,303
Obligations under finance leases		532	282
		<u>83,081</u>	<u>93,135</u>
<b>Net current assets</b>		<u>740,133</u>	<u>740,883</u>
		<u><u>764,480</u></u>	<u><u>758,399</u></u>
<b>Capital and reserves</b>			
Share capital	13	180,501	180,501
Share premium and reserves		573,870	568,345
<b>Equity attributable to owners of the Company</b>		<u>754,371</u>	<u>748,846</u>
<b>Non-current liabilities</b>			
Obligations under finance leases		1,212	967
Deferred taxation		8,897	8,586
		<u>10,109</u>	<u>9,553</u>
		<u><u>764,480</u></u>	<u><u>758,399</u></u>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 31 October 2016

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Available-for- sale investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 May 2015 (audited)	61,390	147,812	40,475	12,310	-	-	284	(233,815)	28,456
Profit for the period	-	-	-	-	-	-	-	55,344	55,344
Other comprehensive expenses for the period	-	-	-	-	-	-	(5)	-	(5)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(5)	55,344	55,339
Issue of shares	12,277	73,665	-	-	-	-	-	-	85,942
Transaction costs attributable to issue of shares	-	(1,295)	-	-	-	-	-	-	(1,295)
At 31 October 2015 (unaudited)	<u>73,667</u>	<u>220,182</u>	<u>40,475</u>	<u>12,310</u>	<u>-</u>	<u>-</u>	<u>279</u>	<u>(178,471)</u>	<u>168,442</u>
At 1 May 2016 (audited)	180,501	696,688	95,726	12,310	8,158	-	269	(244,806)	748,846
Profit for the period	-	-	-	-	-	-	-	1,819	1,819
Other comprehensive income (expense) for the period	-	-	-	-	-	3,757	(51)	-	3,706
Total comprehensive income (expense) for the period	-	-	-	-	-	3,757	(51)	1,819	5,525
Forfeiture of share-based payment expenses	-	-	-	-	(29)	-	-	29	-
At 31 October 2016 (unaudited)	<u>180,501</u>	<u>696,688</u>	<u>95,726</u>	<u>12,310</u>	<u>8,129</u>	<u>3,757</u>	<u>218</u>	<u>(242,958)</u>	<u>754,371</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the Six Months ended 31 October 2016*

	<b>Six months ended 31 October</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(329,031)</u>	<u>(168,080)</u>
<b>INVESTING ACTIVITIES</b>		
Interest received	460	3
Purchase of property, plant and equipment	(7,001)	(5,711)
Payment for settlement of derivative financial instrument	–	(1,315)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(6,541)</u>	<u>(7,023)</u>
<b>FINANCING ACTIVITIES</b>		
New bank loans raised	107,951	108,284
Repayment of obligations under finance leases	(138)	–
Advance from a director	–	31,295
New trust receipt loans raised	–	5,786
Repayment of trust receipt loans	–	(10,432)
Proceeds from issue of shares	–	85,942
Transaction costs attributable to issue of shares	–	(1,295)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>107,813</u>	<u>219,580</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(227,759)</u>	<u>44,477</u>
<b>CASH AND CASH EQUIVALENTS AT 1 MAY</b>	<u>641,668</u>	<u>4,686</u>
<b>CASH AND CASH EQUIVALENTS AT 31 OCTOBER</b>		
Representing bank balances and cash	<u><u>413,909</u></u>	<u><u>49,163</u></u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the Six Months ended 31 October 2016*

**1. GENERAL INFORMATION**

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners, securities trading and investment holding.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICES**

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial statements are unaudited but have been reviewed by the Company’s audit committee.

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The interim condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 30 April 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

In the current interim period, the Group has adopted all the new amendments (the “new and revised HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 May 2016. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current and prior accounting period.

The Group has not applied any new and revised HKFRSs that are not yet effective for the current period.

**3. TURNOVER AND SEGMENTAL INFORMATION****Turnover**

Turnover represents the amounts received and receivable for goods sold by the Group to outside 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 represent aggregation of other non-reportable operating segments under HKFRS 8).

## Segment revenues and results

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

	Turnover		Segment results	
	Six months ended		Six months ended	
	31 October		31 October	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The USA	33,539	31,937	743	(755)
Hong Kong	1,446	1,451	39	(43)
Europe	2,362	1,845	64	(53)
The PRC	53,119	53,268	1,433	(2,036)
Philippines	18,494	29,658	500	(1,913)
Malaysia	17,397	11,991	470	(341)
Singapore	6,847	5,457	185	(155)
Thailand	15,410	12,768	416	(363)
<b>Reportable segment total</b>	<b>148,614</b>	<b>148,375</b>	<b>3,850</b>	<b>(5,659)</b>
Other countries	8,162	7,832	220	(121)
	156,776	156,207	4,070	(5,780)
Eliminations	(6,107)	(3,709)	-	-
<b>Group's turnover and segment results</b>	<b>150,669</b>	<b>152,498</b>	<b>4,070</b>	<b>(5,780)</b>
Depreciation of property, plant and equipment			(804)	(2,084)
Net loss on fair value change of derivative financial instrument			-	(153)
Net gain on fair value changes of investments held for trading			3,132	79,401
Realised loss on investments held for trading			(1,360)	-
Unallocated interest income			460	3
Unallocated corporate expenses			(2,123)	(1,659)
Interest on bank borrowings			(571)	(520)
Profit before taxation			<b>2,804</b>	<b>69,208</b>

Included in the USA and the PRC reportable segments are revenue from inter-segments of HK\$6,037,000 (2015: HK\$3,407,000) and HK\$70,000 (2015: HK\$302,000) respectively.

Segment results represents the profit (loss) from each segment without allocation of corporate expenses which include directors' remuneration, depreciation expenses, net (loss) gain on fair value changes of derivative financial instrument and investments held for trading, realised loss on investments held for trading, interest income on bank deposits and interest expense on bank borrowings. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Intersegment sales are charged at prevailing market rates.

**Segment assets**

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

	<b>At 31 October 2016</b> <i>HK\$'000</i> (Unaudited)	<b>At 30 April 2016</b> <i>HK\$'000</i> (Audited)
The USA	9,748	11,056
Hong Kong	422	175
Europe	370	874
The PRC	29,798	27,776
Philippines	3,405	8,568
Malaysia	2,760	2,467
Singapore	2,475	1,299
Thailand	2,778	5,225
	<hr/>	<hr/>
<b>Reportable segment total</b>	51,756	57,440
Other countries	3,472	3,936
	<hr/>	<hr/>
	55,228	61,376
Unallocated		
Property, plant and equipment	24,347	17,516
Inventories	33,261	31,930
Available-for-sale investments	43,757	–
Investments held for trading	258,947	84,214
Bank balances and cash	413,909	641,668
Other unallocated assets	18,112	14,830
	<hr/>	<hr/>
<b>Consolidated total assets</b>	<b>847,561</b>	<b>851,534</b>

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, inventories, available-for-sale investments, investments held for trading 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.

**4. OTHER INCOME**

	<b>Six months ended 31 October 2016</b> <i>HK\$'000</i> (Unaudited)	<b>2015</b> <i>HK\$'000</i> (Unaudited)
Sales of by-products and scrap	2,262	5,413
Interest income on bank deposits	460	3
Sundry income	153	6
	<hr/>	<hr/>
	<b>2,875</b>	<b>5,422</b>

## 5. TAXATION

	Six months ended 31 October	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	693	762
Deferred tax charge ( <i>Note</i> )	292	13,102
	<u>          </u>	<u>          </u>
Income tax expenses	<u>985</u>	<u>13,864</u>

*Note:*

Deferred tax charge during the six months ended 31 October 2016 and 2015 is arising from the fair value change on investments held for trading.

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.

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 periods.

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

## 6. PROFIT FOR THE PERIOD

Profit for the Period has been arrived at after charging the following items:

	Six months ended 31 October	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Repair and maintenance expenses	6,779	7,086
Impairment for inventories (included in raw materials and consumables used)	–	50
Operating lease rentals in respect of premises	5,512	7,938
	<u>          </u>	<u>          </u>

## 7. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 October 2016 (2015: nil).

**8. EARNINGS PER SHARE**

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

	<b>Six months ended 31 October</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period for the purposes of basic and diluted earnings per share	1,819	55,344
		(Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,256,265,322	227,470,534
Effect of dilutive potential ordinary shares:		
– share options	1,572,504	–
Weighted average number of ordinary shares for the purpose of calculating dilutive earnings per share	<u>2,257,837,826</u>	<u>227,470,534</u>

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the six months ended 31 October 2015 has been adjusted for share consolidation on 29 February 2016 and open offer on 6 April 2016.

There was no outstanding share options during the six months ended 31 October 2015.

**9. PROPERTY, PLANT AND EQUIPMENT**

For the six months ended 31 October 2016, the Group incurred HK\$7,635,000 (six months ended 31 October 2015: HK\$5,711,000) for the acquisition of property, plant and equipment to expand its operations.

The additions mainly comprised mould, toolings and production films of approximately HK\$1,649,000 (six months ended 31 October 2015: HK\$1,878,000), plant and machinery of approximately HK\$4,650,000 (six months ended 31 October 2015: HK\$3,590,000) and furniture and fixtures of approximately HK\$416,000 (six months ended 31 October 2015: HK\$243,000). The addition for motor vehicles of approximately HK\$651,000 and leasehold improvements of approximately HK\$269,000 (six months ended 31 October 2015: nil) for the six months ended 31 October 2016 (six months ended 31 October 2015: nil).

At the end of the reporting period, the directors of the Company conducted a review of the Group's property, plant and equipment and determined that neither significant impairment nor reversal of impairment for property, plant and equipment is required.

**10. TRADE AND OTHER RECEIVABLES**

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>At 31 October 2016</b> <i>HK\$'000</i> (Unaudited)	<b>At 30 April 2016</b> <i>HK\$'000</i> (Audited)
Trade receivables		
Within 30 days	23,415	23,076
Between 31 and 60 days	18,308	22,499
Between 61 and 90 days	9,620	8,776
Over 90 days	3,885	7,025
	<u>55,228</u>	<u>61,376</u>
Other receivables	5,855	8,816
	<u>61,083</u>	<u>70,192</u>

**11. 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:

	<b>At 31 October 2016</b> <i>HK\$'000</i> (Unaudited)	<b>At 30 April 2016</b> <i>HK\$'000</i> (Audited)
Trade payables		
Within 30 days	8,375	7,834
Between 31 and 60 days	4,635	4,291
Between 61 and 90 days	4,434	2,467
Over 90 days	9,220	8,974
	<u>26,664</u>	<u>23,566</u>
Other payables	8,298	9,019
	<u>34,962</u>	<u>32,585</u>

**12. BANK AND OTHER BORROWINGS**

	<b>At 31 October 2016</b> <i>HK\$'000</i> (Unaudited)	<b>At 30 April 2016</b> <i>HK\$'000</i> (Audited)
Collateralised bank borrowings ( <i>Note a</i> )	28,043	37,228
Borrowings from a director ( <i>Note b</i> )	75	75
	<u>28,118</u>	<u>37,303</u>
Carrying amount shown under current liabilities: Repayable on demand or within one year	<u>28,118</u>	<u>37,303</u>



*Notes:*

- (a) The collateralised bank borrowings were 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 contained a repayable on demand clause.
- (b) The borrowings are advanced from Mr. Li Tung Lok ("Mr. Li"), a director of the Company, and are interest-free and unsecured.

**13. SHARE CAPITAL**

	Number of shares	Nominal value HK\$'000
Authorised:		
At 1 May 2016 and 31 October 2016		
– Ordinary shares of HK\$0.08 each	15,000,000,000	1,200,000
– Redeemable preference shares of HK\$0.02 each	500,000,000	10,000
Issued and fully paid:		
– Ordinary shares of HK\$0.08 each		
At 1 May 2016 and 31 October 2016	2,256,265,322	180,501

There was no movement in the Company's share capital during the six months ended 31 October 2016.

**14. MATERIAL NON-CASH TRANSACTION**

During the six months ended 31 October 2016, the Group's repayment of the collateralised bank borrowings of approximately HK\$117,186,000 (six months ended 31 October 2015: HK\$104,191,000) was offset by the trade receivables transferred to a bank.

**15. CAPITAL COMMITMENTS**

At the end of the reporting period, the Group had outstanding capital commitments as follows:

	At 31 October 2016 HK\$'000 (Unaudited)	At 30 April 2016 HK\$'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	1,925	4,198

**16. PLEDGED ASSETS**

As at 31 October 2016, trade receivables with a carrying amount of approximately HK\$36,534,000 (30 April 2016: HK\$48,652,000) was pledged to secure bank borrowings granted to the Group and Motor Vehicles with a carrying amount of approximately HK\$1,837,000 (30 April 2016: HK\$1,402,000) were assets held under finance leases.

## 17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair value of the financial assets or liabilities.

(i) **Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

The Group's derivative financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values, of these financial assets and financial liability are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurement is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>Level 1</b>		<b>Level 2</b>	
	<b>At 31 October</b>	<b>At 30 April</b>	<b>At 31 October</b>	<b>At 30 April</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Investment held for trading	258,947	84,214	–	–
Available-for-sale investments	–	–	43,757	–

Investment held for trading was a listed equity security in Hong Kong, for which the fair value was determined with reference to quoted bid prices in active market.

Available-for-sale investments that trade in markets that are not considered to be active and are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuation may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The Group did not have any financial liabilities measured at fair value on a recurring basis as at 31 October 2016 and 30 April 2016.

There was no transfer between instrument in level 1 and 2 in both periods.

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

The carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost appropriate to their respective fair values as at 31 October 2016 and 30 April 2016.

**18. RELATED PARTY TRANSACTIONS**

In the ordinary course of its business, the Group entered into the following transactions with related party:

- (a) Interest-free loans were obtained from Mr. Li, a director of the Company, as disclosed in note 12.
- (b) **Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management during the interim periods are as follows:

	<b>Six months ended 31 October</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Fees and salaries	1,213	1,610
Retirement benefit schemes	41	49
	<u>1,254</u>	<u>1,659</u>

The remuneration of directors of the Company and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

**II. STATEMENT OF INDEBTEDNESS**

As at close of business on 30 September 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Offer Document, QPL Group had outstanding borrowings of approximately HK\$32.12 million. These borrowings comprised: (i) collateralised bank borrowings of approximately HK\$30.32 million which was secured by certain of QPL Group's trade receivables and guaranteed by group entities; (ii) unguaranteed obligations under finance leases of approximately HK\$1.73 million which was secured by certain of QPL Group's property, plant and equipment; and (iii) unsecured and unguaranteed borrowings from a QPL Director of approximately HK\$0.07 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on 30 September 2016, QPL Group did not have any debt securities issued, authorised or agreed to be issued, bank overdrafts, term loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or other material contingent liabilities.

## 1. RESPONSIBILITY STATEMENT

The QPL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Offer Document (other than the information relating to the L&A Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and that there are no other facts not contained in this Offer Document, the omission of which would make any statement contained herein misleading.

The information relating to the L&A Group in this Offer Document has been extracted from or based on the published information of the L&A Group. The only responsibility accepted by QPL in respect of such information is for the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

## 2. SHARE CAPITAL

### (a) Share Capital

The authorised and issued share capital of QPL as at the Latest Practicable Date and immediately after completion of the Offers (assuming that save for the issue pursuant to the Offers, no new QPL Shares will be issued from the Latest Practicable Date to the completion of the Offers) is as follows:

*Authorised capital:*

<u>15,000,000,000</u>	QPL Shares (as at the Latest Practicable Date)
<u>500,000,000</u>	Limited Voting Preference Shares (as at the Latest Practicable Date)

*Issued capital:*

<u>2,256,265,322</u>	QPL Shares (as at the Latest Practicable Date)
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*To be issued under the Offers:*

<u>1,024,648,000</u>	QPL Shares (to be issued under the Offers assuming the Offers are accepted in full by all of the L&A Independent Shareholders and no L&A Options are exercised prior to the Closing Date)
<u>1,031,448,000</u>	QPL Shares (upon completion of the Offers assuming all outstanding L&A Options are exercised before the Closing Date, and the Share Offer is accepted in full (including all new L&A Shares issued and allotted as a result of the exercise of the L&A Options))

All QPL Shares in issue rank *pari passu* in all respects with each other, including all rights as to dividends, voting and interests in capital.

The new QPL Shares to be issued as consideration for the Offers will rank *pari passu* in all respects with the issued QPL Shares as at the date of allotment of such new QPL Shares under the Offers, including, among other things, the right to receive in full all dividends and other distributions after the date of issue of such new QPL Shares under the Offers.

There has been no change to the issued share capital of QPL, and no QPL Shares have been allotted and issued and bought back since 30 April 2016, being the date to which the latest published audited consolidated accounts of the QPL Group were made up.

**(b) Options, derivatives, warrants and conversion rights**

QPL adopted the QPL Share Option Scheme pursuant to an ordinary resolution of the QPL Shareholders passed at the annual general meeting on 15 September 2015, pursuant to which the QPL Options may be granted by QPL to certain eligible employees of QPL Group.

On 22 April 2016, QPL granted a total of 23,000,000 QPL Options to subscribe for ordinary shares of par value of HK\$0.08 each of QPL under the QPL Share Option Scheme, and 22,870,000 QPL Options were accepted. The exercise price of such QPL Options granted is HK\$0.62 per QPL Share with the validity exercise period of 10 years from 22 April 2016 (being the date of grant of such QPL Options) to 21 April 2026. After the cancellation of a total of 160,000 QPL Options in September 2016 and November 2016, there are 22,710,000 outstanding QPL Options to subscribe for 22,710,000 QPL Shares at the exercise price of HK\$0.62 per QPL Share as at the Latest Practicable Date.

Save for the 22,710,000 outstanding QPL Options granted by QPL to subscribe for 22,710,000 QPL Shares, QPL did not have any other outstanding options, warrants or derivatives or convertible rights affecting QPL Shares as at the Latest Practicable Date.

**(c) Share Capital Reorganisation**

During the two financial years prior to the Latest Practicable Date, QPL implemented a capital reorganisation (the “**Capital Reorganisation**”), which involved: (i) a share consolidation pursuant to which every four (4) then issued existing shares of par value HK\$0.08 each in the share capital of QPL will be consolidated into one (1) consolidated share of par value of HK\$0.32 each in the then issued share capital of QPL (the “**Share Consolidation**”); and (ii) a capital reduction (the “**Capital Reduction**”) which would be effected immediately when the Share Consolidation becomes effective, pursuant to which (a) the total number of issued consolidated shares will be rounded down to a whole number by cancelling any fraction in the total number of issued consolidated shares; and (b) the par value of each of the then issued consolidated shares will be reduced from HK\$0.32 to HK\$0.08 each by cancelling the paid-up capital of QPL to the extent of HK\$0.24 on each of the then issued consolidated shares. The credits arising from: (A) such

reduction of the paid-up capital; and (B) the cancellation of any fractional consolidated share in the then issued share capital of QPL arising from the Share Consolidation, which together amounted to approximately HK\$55,250,612.96 would be credited to the contributed surplus account of QPL within the meaning of the Companies Act 1981 of Bermuda. The redeemable Limited Voting Preference Share(s) of par value of HK\$0.02 each in the then authorised share capital of QPL were not subject to any of the Share Consolidation and the Capital Reduction.

The Capital Reorganisation became effective pursuant to an ordinary resolution passed on 26 February 2016 at the special general meeting of QPL. The authorised share capital of QPL was increased from HK\$130,000,000 divided into 1,500,000,000 ordinary shares of HK\$0.08 each and 500,000,000 Limited Voting Preference Shares of HK\$0.02 each to HK\$1,210,000,000 divided into 15,000,000,000 ordinary shares of HK\$0.08 each and 500,000,000 Limited Voting Preference Shares of HK\$0.02 each by the creation of an additional 13,500,000,000 ordinary shares of HK\$0.08 each. In addition, every 4 issued shares of HK\$0.08 each in the share capital of QPL were consolidated into 1 consolidated share of HK\$0.32 each and the par value of each consolidated share were reduced from HK\$0.32 each to HK\$0.08 each by cancelling the paid-up capital of QPL to the extent of HK\$0.24 on each consolidated share. Further details of the Capital Reorganisation are set out in the announcements of QPL dated 7 January 2016, 2 February 2016 and 26 February 2016 and the circular of QPL dated 3 February 2016.

**(d) Open Offer**

On 7 January 2016, QPL proposed to raise approximately HK\$368.34 million, before expenses, by way of an open offer of 1,151,054,435 new QPL Shares to the qualifying shareholders at a subscription price of HK\$0.32 per offer share, on the basis of five (5) offer shares for every one (1) new QPL Share in issue held on the record date (the “**Open Offer**”). The Open Offer was fully underwritten by Opus Capital Limited (the “**Underwriter**”) pursuant to an underwriting agreement entered into between QPL and the Underwriter dated 7 January 2016 (the “**Underwriting Agreement**”).

The Open Offer was under-subscribed by 821,225,549 offer shares, which had been subscribed for by the Underwriter pursuant to its underwriting obligation under the Underwriting Agreement. Completion of the Open Offer took place on 6 April 2016. Further details of the Open Offer are set out in the announcements of QPL dated 7 January 2016, 2 February 2016, 29 February 2016 and 5 April 2016, the circular of QPL dated 3 February 2016 and the prospectus of QPL dated 10 March 2016.

### 3. DISCLOSURE OF INTERESTS

*Interests of QPL Directors and parties acting in concert with QPL in the QPL Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of QPL*

As at the Latest Practicable Date, details of interests in the QPL Shares, underlying QPL Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of QPL held or controlled by the QPL Directors and any parties acting in concert with QPL were as follows:

(i) *Long positions in the QPL Shares or underlying QPL Shares*

Name of QPL Director	Nature of interests	Number of issued QPL Shares held	Approximate percentage of the issued share capital of QPL
Mr. Li Tung Lok	Personal interests	63,515,530	
	Family interests ( <i>Note a</i> )	900,000	
	Corporate interests ( <i>Note b</i> )	4,647,736	
		<u>69,063,266</u>	3.06%

*Notes:*

- (a) The family interests of 900,000 QPL Shares represent the interest of the wife of Mr. Li Tung Lok.
- (b) Mr. Li Tung Lok directly wholly owned Solar Forward Company Limited, which owns 4,647,736 QPL Shares.

(ii) *Unlisted QPL Options*

Name of QPL Director	Number of unlisted QPL Options held	Approximate percentage of the issued share capital of QPL
Mr. Li Tung Lok	16,500,000	0.73%
Mr. Phen Hoi Ping Patrick	5,000,000	0.22%

Save as disclosed above, as at the Latest Practicable Date, none of the QPL Directors or any party acting in concert with QPL had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of QPL.



*Interests of QPL and parties acting in concert with it in the L&A Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of L&A*

On 30 September 2015, QPL acquired 2,760,000 L&A Shares, representing approximately 0.069% of the then issued share capital of L&A, at the total consideration of HK\$9,108,000 (equivalent to HK\$3.3 per L&A Share) through on-market purchase. As securities trading and investment holding has become one of QPL's principal businesses since September 2015, such L&A Shares were acquired for investment purpose. Taking into account the effect of the share sub-division of L&A on the basis of 1 share for 5 sub-divided shares on 23 June 2016, as at the Latest Practicable Date, details of the interests in the L&A Shares, underlying L&A Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of L&A owned or controlled by QPL and parties acting in concert with it were set out as follows:

<b>Name of QPL/ parties acting in concert with it</b>	<b>Capacity</b>	<b>Number of L&amp;A Shares held/interested</b>	<b>Approximate % of interest</b>
Enma Holdings ( <i>Note</i> )	Beneficial owner	13,800,000	0.054

*Note:*

Enma Holdings is a direct wholly-owned subsidiary of QPL as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of QPL or the QPL Directors, or parties acting in concert with QPL had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of L&A.

#### **4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS**

Save as disclosed in the section headed "3. Disclosure of Interests" in this Appendix III, none of QPL, the QPL Directors or any parties acting in concert with QPL had any dealings or dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of QPL or L&A during the Relevant Period.

As at the Latest Practicable Date:

- (a) each of QPL and parties acting in concert with it had not entered into any agreement, arrangement or understanding to transfer, charge or pledge the securities to be acquired in pursuance of the Offers to any other persons;
- (b) no person had irrevocably committed himself or herself to accept or reject the Offers;
- (c) none of QPL or any persons acting in concert with it, had entered into any arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other persons, and no such person owned or controlled any QPL Shares or L&A Shares or any convertible securities, warrants, options or any derivatives in respect of such shares or had dealt for value in any QPL Shares or L&A Shares or any convertible securities, warrants, options or derivatives in respect of such shares during the Relevant Period;

- (d) none of QPL or any persons acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in QPL or L&A;
- (e) there was no agreement, arrangement or understanding (including any compensation arrangement) between QPL or any persons acting in concert with it and any directors of L&A, recent directors of L&A, the L&A Shareholders or recent L&A Shareholders having any connection with or being dependent upon the Offers;
- (f) there was no agreement or arrangement to which QPL or any person acting in concert with it is a party which relates to circumstances in which QPL may or may not seek to invoke a condition to the Offers;
- (g) no benefit was or will be given to any director of L&A as compensation for loss of office in any members of the L&A Group or otherwise in connection with the Offers; and
- (h) none of the QPL Directors would be affected in terms of their emoluments in connection with the Offers or by any other associated transaction.

## 5. MARKET PRICES

### QPL Shares

The table below sets out the closing price of QPL quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share HK\$
<b>2016</b>	
29 April 2016	0.60
31 May 2016	0.73
30 June 2016	0.62
29 July 2016	0.70
31 August 2016	0.67
30 September 2016	0.68
7 October 2016 (Last Trading Day)	0.75
31 October 2016	0.62
30 November 2016	0.56
13 December 2016 (Latest Practicable Date)	0.50

The highest and lowest closing prices of the QPL Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.80 per Share on 3 August 2016 and HK\$0.485 per Share on 12 December 2016, respectively.

**L&A Shares**

The table below sets out the closing price of L&A quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

<b>Date</b>	<b>Closing price per Share HK\$</b>
<b>2016</b>	
29 April 2016	0.660
31 May 2016	0.500
30 June 2016	0.465
29 July 2016	0.048
31 August 2016	0.049
30 September 2016	0.031
7 October 2016 (Last Trading Day)	0.028
31 October 2016	0.016
30 November 2016	0.013
13 December 2016 (Latest Practicable Date)	0.013

The highest and lowest closing prices of the L&A Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.662 per Share on 26 April 2016 and HK\$0.010 per Share on 24 November 2016, respectively.

**6. MATERIAL CHANGES**

Save and except for the following, the QPL Directors were not aware of any material change in the financial or trading position or outlook of the QPL Group since 30 April 2016, being the date to which the latest audited consolidated financial statements of the QPL Group were made up, up to and including the Latest Practicable Date.

1. As disclosed in the interim report of QPL for the six months ended 31 October 2016 published on 13 December 2016,
  - (a) the QPL Group recorded a net profit of approximately HK\$1.8 million for the six months ended 31 October 2016 as compared to a net profit of approximately HK\$55.3 million for the six months ended 31 October 2015. Such decrease in profit was mainly due to the decrease in the QPL Group's net gain on fair value changes of investments held for trading from approximately HK\$79.4 million for the six months ended 31 October 2015 to approximately HK\$3.1 million for the six months ended 31 October 2016 and the corresponding decrease in the QPL Group's deferred tax charge arising from the fair value change on investment held for trading from approximately HK\$13.1 million for the six months ended 31 October 2015 to approximately HK\$0.3 million for the six months ended 31 October 2016; and

- (b) the QPL Group's cash position decreased from approximately HK\$641.7 million as at 30 April 2016 to approximately HK\$413.9 million as at 31 October 2016, mainly due to the use of (i) approximately HK\$40.0 million for the available-for-sale financial investment; and (ii) approximately of HK\$173.0 million for investments held for trading during the six months ended 31 October 2016.

## 7. LITIGATION

As at the Latest Practicable Date, to the best of the QPL Directors' knowledge, information and belief, no member of the QPL Group was engaged in any litigation or claim of material importance, and no litigation or claim of material importance was known to the QPL Directors to be pending or threatened by or against any member of the QPL Group.

## 8. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the QPL Group, were entered into by QPL Group within two years immediately preceding the Latest Practicable Date and which are or may be material:

- (a) the placing agreement entered into between QPL and Astrum Capital Management Limited ("**Astrum**"), as the placing agent, dated 2 June 2015 pursuant to which QPL appointed Astrum, and Astrum conditionally agreed to place, on a best endeavour basis, to not less than six independent placees for up to 153,470,000 new placing shares at a price of HK\$0.56 per placing share. The completion of the placing took place on 16 June 2015. Further details of the placing agreement are set out in the announcement of QPL dated 2 June 2015;
- (b) the placing agreement entered into between QPL and Black Marble Securities Limited ("**Black Marble**"), as the placing agent, dated 7 January 2016 pursuant to which QPL appointed Black Marble, and Black Marble conditionally agreed to place, on a best effort basis, up to 875,000,000 placing shares at the placing price of HK\$0.32 per placing share on behalf of QPL to not less than six placees who and whose ultimate beneficial owners are independent third parties. The completion of the placing took place on 7 April 2016. Further details of the placing agreement are set out in the announcement of QPL dated 7 January 2016; and
- (c) the Underwriting Agreement entered into between QPL and Opus Capital Limited as the Underwriter, dated 7 January 2016 in relation to the proposed issue by way of open offer of 1,151,054,435 offer shares at the subscription price of HK\$0.32 per offer share to the qualifying shareholders on the basis of five offer shares for every one new share in issue held on the record date of 25 February 2016 at the subscription price of HK\$0.32 per offer share, pursuant to which the Underwriter conditionally undertook to underwrite the 1,151,054,435 offer shares. Further details of the open offer are set out in the announcements of QPL dated 7 January 2016, 2 February 2016, 29 February 2016 and 5 April 2016, the circular of QPL dated 3 February 2016 and the prospectus of QPL dated 10 March 2016.

**9. MISCELLANEOUS**

- (i) The information regarding the principal members of QPL's concert parties are set out below:
  - (a) The registered office address of QPL is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
  - (b) The principal place of business of QPL in Hong Kong is at 8th Floor, Hale Weal Industrial Building, 22-28 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong.
  - (c) the registered office address of Enma Holdings, the concert party of QPL, is located at Akara Bldg., 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. The director of Enma Holdings is Ms. Tung Siu Ching, and her correspondence address is 8th Floor, Hale Weal Industrial Building, 22-28 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong.
  - (d) As at the Latest Practicable Date, the board of directors of QPL comprised four executive directors, namely Mr. Li Tung Lok (executive chairman and chief executive), Mr. Phen Hoi Ping, Patrick, Mr. Wong Ka Lok, Andrew and Ms. Tung Siu Ching, one non-executive director, namely Mr. Wong Wai Man, and three independent non-executive directors, namely Ms. Chung Hoi Yan, Mr. Yau Chi Hang and Mr. Chu Chun On, Franco.
- (ii) The registered office of BaoQiao Partners is situated at Unit 501, 5/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.
- (iii) The principal share registrar and transfer office of QPL is Appleby Management (Bermuda) Ltd., Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (iv) The English text of this Offer Document and the Form(s) of Acceptance shall prevail over the Chinese text, in case of any inconsistency.

The following documents or copies are available for inspection (i) on the website of QPL ([www.qpl.com](http://www.qpl.com)); (ii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (iii) at the head office and principal place of business of QPL at 8th floor, Hale Weal Industrial Building, 22-28 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. from the date of this Offer Document up to and including the Closing Date or the date on which the Offers lapse or are withdrawn (whichever is earlier) (except for Saturdays, Sundays and public holidays):

- (a) the memorandum of association and bye-laws of QPL;
- (b) the annual reports of QPL for the three financial years ended 30 April 2014, 2015 and 2016;
- (c) the interim report of QPL for the six months ended 31 October 2016;
- (d) the letter from the Offeror, the text of which is set out on pages 6 to 22 of this Offer Document;
- (e) the material contracts referred to under the section headed “Material Contracts” in Appendix III to this Offer Document; and
- (f) this Offer Document and the accompanying Form(s) of Acceptance.