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QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2016

The Board of Directors (the “Board” or “Directors”) of QPL International Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 April 2016 together with the comparative figures for the year ended 30 April 2015 as follows:

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

FOR THE YEAR ENDED 30 APRIL 2016

	<i>NOTES</i>	2016 HK\$'000	2015 HK\$'000
Turnover	3	287,021	262,303
Other income	4	5,530	9,183
Other gains and losses	4	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		(4,623)	(13,175)
Impairment loss on property, plant and equipment		(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	5	(9,937)	(1,245)
Loss for the year	6	(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	8		(restated)
Basic and diluted		(HK2.99 cents)	(HK23.63 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 APRIL 2016

	<i>NOTES</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<u>17,516</u>	<u>33,043</u>
Current assets			
Inventories		31,930	30,691
Investments held for trading	9	84,214	–
Trade and other receivables	10	70,192	50,013
Deposits and prepayments		6,014	5,052
Bank balances and cash		<u>641,668</u>	<u>4,686</u>
		834,018	90,442
Current liabilities			
Trade and other payables	11	32,585	34,721
Trust receipt loans and bills payable		–	4,646
Deposits and accrued expenses		22,188	23,810
Taxation payable		777	926
Bank and other borrowings	12	37,303	29,763
Obligations under finance leases		282	–
Derivative financial instrument	13	<u>–</u>	<u>1,162</u>
		93,135	95,028
Net current assets (liabilities)		<u>740,883</u>	<u>(4,586)</u>
		<u>758,399</u>	<u>28,457</u>
Capital and reserves			
Share capital		180,501	61,390
Share premium and reserves		<u>568,345</u>	<u>(32,934)</u>
Equity attributable to owners of the Company			
	14	<u>748,846</u>	<u>28,456</u>
Non-current liabilities			
Obligations under finance leases		967	–
Deferred taxation		<u>8,586</u>	<u>1</u>
		9,553	1
		<u>758,399</u>	<u>28,457</u>

NOTES:

1. BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (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 to 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 the consolidated financial statements.

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

2. APPLICATION OF NEW AND REVISED HKFRSs

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

Amendments to 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 the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹
HKFRS 16	Leases ⁴
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ²
Amendments to HKFRS 15	Classifications to HKFRS 15 Revenue from contracts with customers ¹
Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 7	Disclosure initiative ⁵
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ²
Amendments to HKAS 27	Equity method in separate financial statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidated exception ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2019

⁵ 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.

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

HKFRS 16 “Leases” – continued

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. TURNOVER AND SEGMENTAL INFORMATION

Turnover

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

Segmental information

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

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

3. TURNOVER AND SEGMENTAL INFORMATION – continued

Segmental information – continued

Segment revenues and results

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

	Turnover		Segment results	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 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>

3. TURNOVER AND SEGMENTAL INFORMATION – continued

Segmental information – continued

Segment revenues and results – continued

Included in the USA, PRC and other countries reportable segments are revenue from inter-segments of HK\$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. 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	2016 <i>HK\$'000</i>	2015 <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 receivable	8,816	563
Bank balances and cash	641,668	4,686
Other unallocated assets	6,014	5,052
	<hr/>	<hr/>
Consolidated total assets	851,534	123,485
	<hr/> <hr/>	<hr/> <hr/>

3. TURNOVER AND SEGMENTAL INFORMATION – continued

Segmental information – continued

Segment assets – continued

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than property, plant and equipment, 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

	Depreciation of property, plant and equipment	
	2016 HK\$'000	2015 HK\$'000
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/>
	4,623	13,175

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.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Other income		
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>
Other gains and losses		
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>

5. TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
PRC Enterprise Income Tax	1,352	1,245
Deferred tax	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 both years.

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

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

6. LOSS FOR THE YEAR

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

	2016 <i>HK\$'000</i>	2015 <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 are included in the above staff costs.

7. DIVIDEND

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

8. 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>
	2016	2015 (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.

9. INVESTMENTS HELD FOR TRADING

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

10. TRADE AND OTHER RECEIVABLES

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	61,469	49,543
Less: Allowance for bad and doubtful debts	(93)	(93)
	<hr/>	<hr/>
	61,376	49,450
Other receivables	8,816	563
	<hr/>	<hr/>
	70,192	50,013
	<hr/> <hr/>	<hr/> <hr/>

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:

	2016	2015
	<i>HK\$'000</i>	<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
	<hr/>	<hr/>
	61,376	49,450
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER RECEIVABLES – continued

Before accepting any new customer, the Group will apply an internal credit assessment policy to assess the potential customer's credit quality and define credit limits by customer. Management closely monitors the credit quality of trade receivables. Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$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.

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 12) 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.

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

	2016 <i>HK\$'000</i>	2015 <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
	<hr/>	<hr/>
	23,566	21,752
Other payables	9,019	12,969
	<hr/>	<hr/>
	32,585	34,721
	<hr/> <hr/>	<hr/> <hr/>

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

12. BANK AND OTHER BORROWINGS

	2016 <i>HK\$'000</i>	2015 <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
	<hr/>	<hr/>
	37,303	29,763
	<hr/> <hr/>	<hr/> <hr/>
Carrying amount shown under current liabilities:		
Repayable on demand or within one year	37,303	29,763
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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 and a shareholder of the Company with significant influence over the Company, and were interest-free and unsecured.

13. DERIVATIVE FINANCIAL INSTRUMENT

	2016 <i>HK\$'000</i>	2015 <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.

14. EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	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	174,362	559,919	-	-	-	-	-	734,281
Transaction costs attributable to issue of new ordinary shares	-	(11,043)	-	-	-	-	-	(11,043)
Capital reduction	(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, 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.

15. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the fiscal year under review, the Group reported a turnover of HK\$287,021,000, representing a slightly increase of 9.4% as compared with HK\$262,303,000 for the previous year. The Group's consolidated loss for the year amounted to HK\$10,991,000 as compared with a consolidated loss of HK\$46,736,000 for the previous year. Basic loss per share was HK2.99 cents (2015 (restated): loss per share of HK23.63 cents). Recurring EBITDA, computed as loss before tax excluding depreciation, finance costs, impairment loss on property, plant and equipment and net fair value (loss) gain on derivative financial instrument and net fair value gain on investments held-for-trading, amounted to a loss of HK\$24,110,000 (2015: Recurring EBITDA of loss of HK\$9,626,000).

Dividend

The Directors do not recommend the payment of a dividend for the year (2015: nil).

Business Review

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

During the year, staff costs increased by 17.1% to HK\$94,397,000 (2015: HK\$80,621,000) representing 32.9% of the Group's turnover. Other expenses increased by 23.8% to HK\$92,012,000 (2015: HK\$74,327,000) representing 32.1% of the Group's turnover during the year. The Group will continue to monitor the market and consequently adjust its labour force and labour structure in order to achieve a better staff mix to enhance labour efficiency. The Group will also continuously tighten its expenditure in its efforts to minimise the impact of increasing factory operating costs.

Besides, the financial results of the Group were also affected by the non-cash expense of an impairment loss on property, plant and equipment of HK\$23,100,000 (2015: HK\$23,424,000) during the year under review due to the expected deterioration in the long-term profitability of the Group's business and the equity-settled share-based payment expenses of HK\$8,158,000 (2015: nil).

Liquidity and Financial Resources

The Group's bank balances and cash amounted to HK\$641,668,000 as at 30 April 2016 (2015: HK\$4,686,000). To finance its working capital, the Group has incurred total outstanding debts of HK\$38,552,000 as at 30 April 2016 (2015: HK\$30,858,000), which comprised nil of trust receipt loans (2015: HK\$1,095,000), HK\$1,249,000 (2015: nil) of obligations under finance leases, HK\$37,228,000 (2015: HK\$29,047,000) of collateralised bank borrowings, and a HK\$75,000 (2015: HK\$716,000) amount due to a director. In terms of interest costs, included in the outstanding debts, HK\$38,477,000 (2015: HK\$30,142,000) was interest bearing and HK\$75,000 (2015: HK\$716,000) was interest free.

The gearing ratio was 5.2% as at 30 April 2016 (2015: 108.4%).

Foreign Exchange Risk Management

The Group's transactions and monetary assets are primarily denominated in Hong Kong dollars, US dollars and Renminbi. The fluctuations in currency exchange rates during the year ended 30 April 2016 did not adversely effect the Group's operations or liquidity.

During the year under review, the Group has a foreign exchange contracts to manage the currency exchange risk of Renminbi against US dollars which has been fully matured in October 2015. This foreign exchange contract was entered into to hedge against the Group's exposure to currency fluctuations and it is the policy of the Group not to enter into any derivative contracts purely for speculative activities. Net fair value loss on derivative financial instrument was HK\$153,000 (2015: gain of HK\$1,805,000) for the year.

Pledge of Assets

As at 30 April 2016, trade receivables with a carrying amount of approximately HK\$48,652,000 (2015: HK\$36,611,000) were pledged to secure bank borrowings granted to the Group and motor vehicles with a carrying amount of approximately HK\$1,402,000 (2015: nil) were assets held under finance leases.

Capital Expenditure

During the year ended 30 April 2016, the Group invested HK\$12,196,000 (2015: HK\$10,687,000) in acquiring property, plant and equipment. This capital expenditure was financed mainly from internal financial resources.

Employees and Emolument Policy

As at 30 April 2016, the total number of employees of the Group was approximately 1,175 (2015: 1,010). The Group maintains its emolument policy to ensure that employee remuneration is commensurate with job nature, qualifications and experience. The Group continues to offer competitive remuneration packages, share options and other benefits to eligible staff, based on the performance of the Group and of individual employees.

The Capital Reorganisation

Pursuant to an ordinary resolution passed on 26 February 2016, the authorised share capital of the Company is increased from HK\$130,000,000 divided into 1,500,000,000 ordinary shares of HK\$0.08 each and 500,000,000 redeemable 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 redeemable 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 the Company 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 the Company to the extent of HK\$0.24 on each consolidated share.

Placing of New Shares under General Mandate

On 2 June 2015, the Company entered into a placing agreement pursuant to which the placing agent agreed to place up to 153,470,000 new shares at a price of HK\$0.56 per placing share. The placing shares were issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 18 September 2014. The placing completed on 16 June 2015 and the net proceeds of the placing were approximately HK\$84.65 million. The Group originally intended to use the net proceeds for the general working capital of the Group. As at 30 April 2016, the net proceeds were utilised as to approximately HK\$1.67 million for administrative purposes, as to approximately HK\$39 million for repaying the loan as to approximately HK\$32.18 million for investments in listed securities in Hong Kong. The remaining amount of approximately HK\$11.80 million would be continuously used for general working capital purposes.

Open Offer and Placing of New Shares Under A Specific Mandate

Open Offer

On 7 January 2016, the Company proposed to raise approximately HK\$368.34 million before expenses by issuing 1,151,054,435 offer shares at the subscription price of HK\$0.32 per offer share on the basis of 5 offer shares for every 1 new share in issue held on the 9 March 2016 (the “Open Offer”). Completion on the Open Offer took place on 6 April 2016.

Placing of New Shares

On 7 January 2016, the Company entered into the placing agreement pursuant to which the placing agent has conditionally agreed to place, on a best efforts basis, up to 875,000,000 placing shares at the placing price of HK\$0.32 per placing share on behalf of the Company to independent third parties (the “Placing”). The placing shares would be allotted and issued under the specific mandate of the Company held on 26 February 2016. Completion on the Placing took place on 7 April 2016.

The aggregate net proceeds from the Placing and the Open Offer were approximately HK\$636.83 million (the “Total Proceed”).

The Group intended to use (i) approximately HK\$100 million for the acquisition of land for the construction of a new factory; (ii) approximately HK\$235 million for the purchase of new machinery for the new factory; and (iii) approximately HK\$301.83 million for the construction of the new factory. The Total Proceed raised from the Open Offer and the Placing has not been utilised as at 30 April 2016.

Significant Investments

As at 30 April 2016, the equity securities acquired by the Group for trading investment purposes comprised of only securities listed on the Stock Exchange of Hong Kong. Except for the investment in Greaterchina Professional Services Limited (“GPS”) at fair value of approximately HK\$68,200,000 as at 30 April 2016, there was no investment held by the Group with a carrying value amounting to more than 5% of the total assets of the Group. The Group held approximately 110,000,000 shares of GPS and recorded an unrealised gain on investment of approximately HK\$57,034,000 (ignoring the deferred tax effect of approximately HK\$9,411,000) for the year ended 30 April 2016.

The major activities of GPS are provision of asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financial services in Hong Kong. The Directors considered that the future prospects of GPS may be affected by external market conditions, and will continue to monitor and assess the Group’s investment.

The Group will continue to adopt a diversified investment strategy including investing in quality stocks with a view to enhance shareholders’ return.

Events after the end of the reporting period

No significant event has taken place subsequent to 30 April 2016 and up to the date of this announcement.

Prospects

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

For the year ended 30 April 2016, the Company has applied the principles and complied with all code provisions set out in the CG Code except for the deviations explained in the relevant paragraphs below.

Chairman and Chief Executive

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

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

Attend the Annual General Meeting

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

Owing to other business engagements, the Chairman of the Board, Mr. Li Tung Lok was unable to attend the annual general meeting of the Company held on 15 September 2015 and two independent non-executive Directors, Mr. How Sze Ming and Mr. Lee Kwok Wan, were unable to attend the general meeting held on 26 February 2016.

AUDIT COMMITTEE

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

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

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

The major roles and functions of the Audit Committee include:

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

The annual report for the year ended 30 April 2016 has been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.qpl.com). The Company's annual report for the year ended 30 April 2016 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

APPRECIATION

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

On behalf of the Board
QPL International Holdings Limited
Li Tung Lok
Executive Chairman and Chief Executive

Hong Kong, 28 July 2016

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