QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2014

FINANCIAL HIGHLIGHTS

	Audited results for the year ended 30 April		
	2014	2013	**Changes**
Turnover *(HK$'000)*	**262,714**	217,180	45,534
Profit (loss) for the year *(HK$'000)*	**1,655**	(6,115)	7,770
Earnings (loss) per share *(HK cent)*	**0.22**	(1.00)	1.22
Adjusted EBITDA *(HK$'000) (Note 1)*	**12,705**	4,535	8,170

	(Audited) At 30 April 2014	(Audited) At 30 April 2013	**Changes**
Net debt gearing ratio (%) *(Note 2)*	**41.5%**	16.5%	25.0%

Notes:

1. Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") is computed as profit (loss) before tax plus depreciation, interest on bank and other borrowings, write down of inventories, impairment loss on available-for-sale investment, fair value loss on derivative financial instrument and less reversal of write down of inventories and impairment for bad doubtful debts, fair value gain on derivative financial instrument, and gain on disposal of available-for-sale investment.

2. Net debt gearing ratio is defined as total debts, including bank overdraft, bank and other borrowings, obligations under finance leases and trust receipt loans less bank balances and cash over shareholders' equity.

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 2014 together with the comparative figures for the year ended 30 April 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 April 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Turnover	3	**262,714**	217,180
Other income	4	**5,415**	3,033
Other gains and losses	4	**7,101**	3,432
Exchange loss, net		**(1,006)**	(1,300)
Changes in inventories of finished goods and work in progress		**4,886**	(267)
Raw materials and consumables used		**(112,790)**	(85,461)
Staff costs		**(74,517)**	(61,019)
Depreciation of property, plant and equipment		**(13,256)**	(12,637)
Fair value (loss) gain on derivative financial instrument		**(3,679)**	396
Impairment loss on available-for-sale investment		**–**	(205)
Other expenses		**(71,436)**	(68,043)
Interest on bank and other borrowings wholly repayable within five years		**(733)**	(413)
Profit (loss) before taxation		**2,699**	(5,304)
Taxation	5	**(1,044)**	(811)
Profit (loss) for the year	6	**1,655**	(6,115)
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(26)**	27
Net gain on fair value changes of available-for-sale investment		**2,825**	6,929
Impairment loss on available-for-sale investment charged to profit or loss		**–**	205
Cumulative fair value change of available-for-sale investment recycled to profit or loss upon disposal		**(6,983)**	(3,318)
Other comprehensive (expense) income for the year		**(4,184)**	3,843
Total comprehensive expense for the year		**(2,529)**	(2,272)
Earnings (loss) per share	8		
Basic and diluted		**HK 0.22 cent**	(HK 1 cent)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 APRIL 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**58,955**	57,361
Available-for-sale investment	9	**–**	4,787
Advance payment for acquisition of property, plant and equipment		**533**	1,094
		59,488	63,242
Current assets			
Inventories		**35,168**	24,680
Trade and other receivables	10	**71,039**	43,764
Deposits and prepayments		**3,836**	3,442
Derivative financial instrument	11	**–**	46
Bank balances and cash		**9,600**	8,683
		119,643	80,615
Current liabilities			
Trade and other payables	12	**35,060**	21,197
Trust receipt loans and bills payable		**3,410**	3,710
Deposits and accrued expenses		**20,484**	18,173
Taxation payable		**746**	731
Bank overdraft		**212**	–
Bank and other borrowings	13	**39,886**	19,711
Derivative financial instrument	11	**4,156**	–
Obligations under finance leases		**–**	54
		103,954	63,576
Net current assets		**15,689**	17,039
		75,177	80,281
Capital and reserves			
Share capital		**61,390**	61,390
Share premium and reserves		**13,786**	16,315
Equity attributable to owners of the Company	14	**75,176**	77,705
Non-current liabilities			
Accrued rental expenses		**–**	2,575
Deferred taxation		**1**	1
		1	2,576
		75,177	80,281

NOTES:

1. BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Group's consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

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. 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 HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

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

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

Amendments to HKFRS 7 "Disclosures – Offsetting financial assets and financial liabilities"

The Group has applied the amendments to HKFRS 7 "Disclosures – Offsetting financial assets and financial liabilities" for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 "Financial Instruments: Presentation"; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar agreement. The Group has not offset any recognised financial instruments but the Group has derivative financial instruments that are under enforceable master netting agreements.

The amendments to HKFRS 7 have been applied retrospectively and the relevant disclosures are set out in note 11.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of HKFRS 10, HKFRS 12 ad HKFRS 13 is set out below.

HKFRS 10 "Consolidated financial statements"

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation – Special purpose entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 May 2012 and a subsidiary set up after 1 May 2012.

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

HKFRS 12 "Disclosure of interests in other entities"

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has not had any impact on the disclosures in the consolidated financial statements.

HKFRS 13 "Fair value measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to few exceptions.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transactional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirement prospectively. Other than the additional disclosures as set out in note 15, the application of this new standard has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The Group has applied the amendments to HKAS 1 for the first time in the current year. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisitions of interest in joint operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferral accounts[6]
HKFRS 15	Revenue from contracts with customers[7]
HK(IFRIC) – INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.
5 Effective for annual periods beginning on or after 1 January 2016.
6 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
7 Effective for annual periods beginning on or after 1 January 2017.

The Directors anticipate that the application of these 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 outside customers less sales returns and discounts.

Segmental information

Information reported to the executive Directors, 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

Segment revenues and results

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

	Turnover		Segment results	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The USA	**61,938**	45,323	**4,236**	1,802
Hong Kong	**2,709**	2,475	**295**	110
Europe	**4,108**	2,133	**294**	100
The PRC	**98,474**	89,157	**5,605**	2,201
Philippines	**26,240**	21,739	**1,819**	1,140
Malaysia	**17,429**	12,753	**1,208**	641
Singapore	**20,005**	20,077	**1,386**	1,008
Thailand	**19,330**	14,133	**1,340**	710
Reportable segment total	**250,233**	207,790	**16,183**	7,712
Other countries	**18,137**	15,991	**1,258**	803
	268,370	223,781	**17,441**	8,515
Eliminations	**(5,656)**	(6,601)	**–**	–
Group's turnover and segment results	**262,714**	217,180	**17,441**	8,515
Depreciation of property, plant and equipment			**(13,256)**	(12,637)
Impairment loss on available-for-sale ("AFS") investment			**–**	(205)
Net gain on disposal of property, plant and equipment			**118**	114
Gain on disposal of AFS investment			**6,983**	3,318
Fair value (loss) gain on derivative financial instrument			**(3,679)**	396
Unallocated interest income			**5**	9
Unallocated corporate expenses			**(4,180)**	(4,401)
Interest on bank and other borrowings wholly repayable within five years			**(733)**	(413)
Profit (loss) before taxation			**2,699**	(5,304)

3. TURNOVER AND SEGMENTAL INFORMATION – continued

Included in the USA and the PRC reportable segments are revenue from inter-segments of HK$4,737,000 (2013: HK$4,114,000) and HK$919,000 (2013: HK$2,487,000) 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, impairment loss on AFS investment, net gain on disposal of property, plant and equipment, gain on disposal of AFS investment, fair value (loss) gain on derivative financial instrument, 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 following is an analysis of the Group's assets by reportable segment:

Segment assets

	2014	2013
	HK$'000	*HK$'000*
The USA	**16,355**	7,308
Hong Kong	**1,379**	424
Europe	**526**	379
The PRC	**28,466**	21,195
Philippines	**7,891**	2,746
Malaysia	**2,802**	2,135
Singapore	**4,977**	3,853
Thailand	**4,585**	2,899
Reportable segment total	**66,981**	40,939
Other countries	**4,058**	2,708
	71,039	43,647
Unallocated		
Property, plant and equipment	**58,955**	57,361
Inventories	**35,168**	24,680
Bank balances and cash	**9,600**	8,683
AFS investment	**–**	4,787
Advance payment for acquisition of property, plant and equipment	**533**	1,094
Other unallocated assets	**3,836**	3,605
Consolidated total assets	**179,131**	143,857

3. **TURNOVER AND SEGMENTAL INFORMATION – continued**

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than property, plant and equipment, advance payment for acquisition of property, plant and equipment, inventories, deposits and prepayments, AFS investment, derivative financial instrument 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 AND OTHER GAINS AND LOSSES**

	2014	2013
	HK$'000	*HK$'000*
Other income		
Sales of by-products and scrap	**5,290**	2,924
Interest income	**5**	9
Sundry income	**120**	100
	5,415	3,033
Other gains and losses		
Net gain on disposal of property, plant and equipment	**118**	114
Gain on disposal of AFS investment	**6,983**	3,318
	7,101	3,432

5. TAXATION

	2014	2013
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
PRC Enterprise Income Tax	**1,041**	811
Underprovision in prior year:		
Other jurisdiction	**3**	–
	1,044	811

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

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

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

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

6. PROFIT (LOSS) FOR THE YEAR

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

	2014	2013
	HK$'000	*HK$'000*
Salaries, wages and other staff benefits	**71,551**	58,566
Retirement benefits scheme contribution	**2,966**	2,453
Total staff costs *(Note (i))*	**74,517**	61,019
Repair and maintenance expenses	**10,786**	9,467
(Reversal of) write down of inventories (included in raw materials and consumables used) *(Note (ii))*	**(659)**	302
Reversal of impairment for bad and doubtful debts, net	**(20)**	(4)
Auditor's remuneration	**1,000**	980
Operating lease rentals in respect of premises *(Note (iii))*	**7,427**	9,012

6. **PROFIT (LOSS) FOR THE YEAR – continued**

Notes:

(i) Directors' emoluments are included in the above staff costs.

(ii) During the year ended 30 April 2014, certain slow moving inventories which were previously written down have been utilised and the original costs of these inventories are considered recoverable, resulted in the reversal of allowance for inventories.

(iii) During the year ended 30 April 2014, the Group and the landlord of a leased premise located at Dongguan City of the PRC agreed to early terminate the lease agreement signed on 8 September 2000 with a lease term up to year 2021. Accordingly, the accrued rent amounting to HK$2,765,000 in respect of unamortised incentive arising from the rent free period arrangement under such lease agreement was credited to profit or loss.

7. **DIVIDEND**

The Directors do not recommend the payment of a dividend for the year ended 30 April 2014 (2013: nil).

8. **EARNINGS (LOSS) PER SHARE**

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

	2014	2013
Profit (loss) for the year attributable to the owners of the Company for the purposes of basic and diluted earnings (loss) per share	**HK$1,655,000**	(HK$6,115,000)
Number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share	**767,373,549**	767,373,549

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's outstanding share options as the exercise prices of the share options of the Company are higher than the average market price per share for the years ended 30 April 2014 and 2013.

9. AVAILABLE-FOR-SALE INVESTMENT

	2014	2013
	HK$'000	*HK$'000*
Listed equity securities in Hong Kong, at fair value	**–**	4,787

At 30 April 2013, the AFS investment was stated at fair value, which was determined based on bid prices quoted in an active market. The AFS investment was fully disposed of during the year ended 30 April 2014.

Particulars of the investee company at 30 April 2014 and 2013 are as follows:

Name of company	**Place of incorporation**	**Principal activities**	**Class of shares held**	**Proportion of nominal value of issued share capital held by the Group**	
				2014	2013
MelcoLot Limited ("MelcoLot")	Cayman Islands	Provision of lottery - related technologies, systems and solutions	Ordinary shares	**–**	0.3%

MelcoLot is a company listed on the Growth Enterprise Market of the Stock Exchange.

During the year ended 30 April 2014, the fair value of the AFS investment increased by HK$2,825,000 before the respective dates of disposal and were recognised in other comprehensive income and accumulated in the investment revaluation reserve.

During the year ended 30 April 2014, 7,144,745 (2013: 9,944,000) shares of the investee company's issued share capital were disposed in several batches by the Group and resulted in a gain on disposal of HK$6,983,000 (2013: HK$3,318,000) recycled into profit or loss.

During the six months ended 31 October 2012, due to the prolong decline in the fair value of the AFS investment, a further impairment loss of approximately HK$205,000 had been recognised and reclassified into profit or loss. Subsequent to the recognition of impairment loss during the six months ended 31 October 2012, the fair value of the AFS investment has increased by HK$6,929,000 and were recognised in other comprehensive income and accumulated in the investment revaluation reserve during the year ended 30 April 2013.

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**70,604**	43,931
Less: Allowance for bad and doubtful debts	**(128)**	(411)
	70,476	43,520
Others receivables	**563**	244
	71,039	43,764

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:

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**30,794**	19,506
Between 31 and 60 days	**25,090**	14,835
Between 61 and 90 days	**13,115**	6,774
Over 90 days	**1,477**	2,405
	70,476	43,520

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$22,021,000 (2013: HK$13,466,000) which are past due at the reporting date for which the Group has not provided for impairment loss, as there is no significant change in credit quality and the amounts are still considered recoverable based on historical payment experience. 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$51,619,000 (2013: HK$23,948,000) and has recognised the cash received on the transfer as collateralised bank borrowings (see note 13) of approximately HK$38,937,000 (2013: HK$13,182,000) as at 30 April 2014.

10. TRADE AND OTHER RECEIVABLES – continued

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

	2014	2013
	HK$'000	*HK$'000*
Carrying amount of transferred assets	**51,619**	23,948
Carrying amount of associated liabilities	**(38,937)**	(13,182)
	12,682	10,766

11. DERIVATIVE FINANCIAL INSTRUMENT

	2014	2013
	HK$'000	*HK$'000*
Derivative financial (liability) asset:		
Structured foreign currency forwards contract	**(4,156)**	46

For the year ended 30 April 2014, the Group entered into two RMB/USD net-settled structured foreign currency forwards contracts (the "Contract A" and the "Contract B") 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.

The aggregate notional amount of the Contract B is USD14,940,000 with 18 equal monthly settlements commencing September 2013 without considering the potential knock out feature which may result in early termination of the contract. The Group is required to sell USD and buy RMB at a strike price of RMB6.24 to USD1.00. There will be no settlement when the spot rate at respective settlement date is within the range from RMB6.24 to RMB6.34 for USD1.00. The Contract B contains a knock out feature where the accumulative monthly gain by the Group from it has reached RMB298,800 on any monthly settlement date, the remaining monthly settlement of the Contract B would be automatically terminated on that date.

11. **DERIVATIVE FINANCIAL INSTRUMENT – continued**

For the year ended 30 April 2013, the Group entered into RMB/USD net-settled structured foreign currency forwards contract (the "Contract C") with a bank in order to manage the Group's currency risk. The aggregate notional amount of the Contract C is USD15,120,000 with 18 equal monthly settlements commencing from April 2013 without considering the potential knock out feature which may result in early termination of the contract. The Group is required to sell USD and buy RMB at a strike price of RMB6.265 to USD1.00. There will be no settlement when the spot rate at respective settlement date is within the range from RMB6.265 to RMB6.385 for USD1.00. The Contract C contains a knock out feature where the accumulative monthly gain by the Group from it has reached RMB210,000 on any monthly settlement date, the remaining monthly settlement of the Contract C would be automatically terminated on that date.

During the year ended 30 April 2014, the knock out features of the Contract B and Contract C were triggered and thus they were early terminated.

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 10, 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 2014

	Gross/net amounts presented on consolidated statement of financial position	**Related amounts not set off in the consolidated statement of financial position**		**Net amount**
		Financial instrument	**Cash collateral pledged**	
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recognised financial assets:				
– Bank balances	**6,350**	**–**	**(4,156)**	**2,194**
– Trade receivables	**51,619**	**(38,937)**	**–**	**12,682**
Total	**57,969**	**(38,937)**	**(4,156)**	**14,876**
Recognised financial liabilities:				
– Structured foreign currency forwards contract	**(4,156)**	**–**	**4,156**	**–**
– Collateralised bank borrowings	**(38,937)**	**38,937**	**–**	**–**
Total	**(43,093)**	**38,937**	**4,156**	**–**

11. DERIVATIVE FINANCIAL INSTRUMENT – continued

At 30 April 2013

	Gross/net amounts presented on consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
		Financial instrument	Cash collateral pledged	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recognised financial assets:				
– Structured foreign currency forwards contract	46	–	–	46
– Bank balances	2,323	–	–	2,323
– Trade receivables	23,948	(13,182)	–	10,766
Total	26,317	(13,182)	–	13,135
Recognised financial liabilities:				
– Collateralised bank borrowings	(13,182)	13,182	–	–

12. 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:

	2014	2013
	HK$'000	*HK$'000*
Trade payables		
Within 30 days	**6,484**	4,494
Between 31 and 60 days	**5,720**	1,821
Between 61 and 90 days	**2,762**	1,397
Over 90 days	**7,293**	4,406
	22,259	12,118
Other payables	**12,801**	9,079
	35,060	21,197

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

13. BANK AND OTHER BORROWINGS

	2014	2013
	HK$'000	*HK$'000*
Collateralised bank borrowings *(Note a)*	**38,937**	13,182
Borrowings from a director *(Note b)*	**949**	6,529
	39,886	19,711
Carrying amount repayable:		
On demand or within one year	**39,886**	19,711
Included in amount shown under current liabilities:		
Carrying amount of bank borrowings that are repayable within one year but contain a repayment on demand clause	**38,937**	13,182

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 contain a repayable on demand clause.

(b) The borrowings are advanced from Mr. Li, a director and a shareholder of the Company with significant influence over the Company, and are interest-free and unsecured. Subsequent to 30 April 2014, Mr. Li has agreed not to demand the repayment in full or in part of the loans due from the Group on or before 20 June 2015. The Group has voluntarily repaid HK$5,580,000 to Mr. Li during the year ended 30 April 2014.

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)	Investment revaluation reserve HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2012	61,390	147,812	40,475	12,310	342	4,748	267	(187,367)	79,977
Loss for the year	–	–	–	–	–	–	–	(6,115)	(6,115)
Other comprehensive income for the year	–	–	–	–	3,816	–	27	–	3,843
Total comprehensive income (expense) for the year	–	–	–	–	3,816	–	27	(6,115)	(2,272)
Forfeiture and lapse of share options	–	–	–	–	–	(2,208)	–	2,208	–
At 30 April 2013	61,390	147,812	40,475	12,310	4,158	2,540	294	(191,274)	77,705
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,655**	**1,655**
Other comprehensive expense for the year	**–**	**–**	**–**	**–**	**(4,158)**	**–**	**(26)**	**–**	**(4,184)**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**–**	**(4,158)**	**–**	**(26)**	**1,655**	**(2,529)**
Forfeiture of share options	**–**	**–**	**–**	**–**	**–**	**(514)**	**–**	**514**	**–**
At 30 April 2014	**61,390**	**147,812**	**40,475**	**12,310**	**–**	**2,026**	**268**	**(189,105)**	**75,176**

Notes:

a. Contributed surplus represents the excess of the net assets of subsidiaries acquired over the nominal value of the Company's shares issued as consideration.

b. Capital redemption reserve represents the excess of the consideration paid for repurchase of the Company's ordinary shares over the par value of respective repurchased shares.

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 assets and liabilities that are measured at fair value on a recurring basis

The Group's financial asset and financial liability at fair value through profit or loss and AFS investment 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 instruments are determined (in particular, the valuation techniques(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- 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.

Financial assets/liabilities	Fair value 2014	Fair value 2013	Fair value hierarchy	Valuation techniques and key inputs
Structured foreign currency forwards contract	Liability – HK$4,156,000	Asset – HK$46,000	Level 2	Valuation techniques: Discounted cash flow and option pricing model. Key inputs: Forward exchange rate, contracted exchange rate and discount rate.
AFS investment	–	Listed equity securities in Hong Kong – HK$4,787,000	Level 1	Quoted bid price in an active market.

There were no transfer between instruments 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 consider that the carrying amounts of other financial assets and financial liabilities carried at amortised cost approximate their respective fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the fiscal year under review, the Group reported a turnover of HK$262,714,000, representing an increase of 21.0% as compared with HK$217,180,000 for the previous year. The Group achieved a consolidated profit amounting to HK$1,655,000 as compared with a consolidated loss of HK$6,115,000 for the previous year. Basic earnings per share was HK0.22 cent (2013: loss per share of HK1.00 cent).

Dividend

The Directors do not recommend the payment of a dividend for the year (2013: nil).

Business Review

During the year under review, the Group's business maintained growth momentum and have continuously improved since the second half of the fiscal year. The Group achieved an increase of 21.0% in turnover during the year under review.

In terms of geographical segments, the Group performed relatively well and enlarged its market share in several countries. During the year, the Group's sales in the USA amounted to HK$61,938,000 (2013: HK$45,323,000) and represented an annual increase of 36.7% in this segment. Besides, the Group's sales in the Philippines amounted to HK$26,240,000 (2013: HK$21,739,000) which represented an annual increase of 20.7%. Furthermore, for the Group's sales in Thailand, the Group achieved an annual growth of 36.8% reaching HK$19,330,000 (2013: HK$14,133,000). The Group will continue to enhance its marketing efforts to expand its market coverage.

During the year, staff costs increased to HK$74,517,000 (2013: HK$61,019,000), representing a 22.1% increase compared with last year. Despite the sharp increase of basic wages in the Dongguan area of around 20.0%, the management has put in good measures to streamline operations. Therefore, the rise in staff costs was in line with the increase in sales.

Liquidity and Financial Resources

The Group's bank balances and cash amounted to HK$9,600,000 as at 30 April 2014 (2013: HK$8,683,000). To finance its working capital, the Group had incurred total outstanding debts of HK$40,796,000 as at 30 April 2014 (2013: HK$21,507,000), which comprised HK$698,000 (2013: HK$1,742,000) of trust receipt loans, HK$38,937,000 (2013: HK$13,182,000) of collateralised bank borrowings, HK$212,000 of bank overdraft (2013: nil), nil (2013: HK$54,000) obligations under finance leases and a HK$949,000 (2013: HK$6,529,000) loan from a director. In terms of interest costs, HK$39,847,000 (2013: HK$14,978,000) was interest bearing and HK$949,000 (2013: HK$6,529,000) was interest free.

Net debt gearing ratio was 41.5% as at 30 April 2014 (2013: 16.5%). During the year, the Group benefited from the bank arrangement to have a stronger cash position by transferring more trade receivables to the bank in exchange for obtaining the cash in advance of the relevant settlement dates. This helped to support the Group's business growth especially in the period of second half of the year. As at 30 April 2014, the Group has transferred trade receivables amounting approximately HK$51,619,000 (2013: HK$23,948,000) and in return received bank advances of approximately HK$38,937,000 (2013: HK$13,182,000) as collateralised bank borrowings. Thus, there was a sharp rise of net debt gearing ratio as at 30 April 2014.

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 2014 did not adversely affect the Group's operations or liquidity.

During the year under review, the Group entered into several foreign exchange contracts to manage the currency exchange risk of Renminbi against US dollars. All these foreign exchange contracts were entered into to hedge against the Group's exposure to currency fluctuations and it is the policy of the Group not to enter into any derivative contracts purely for speculative activities. Fair value loss on derivative financial instrument was HK$3,679,000 for the year, including net realised gain of HK$477,000 recorded during the year and unrealised loss of HK$4,156,000 was booked as at 30 April 2014. Such unrealised loss does not have an impact to the Group's real cash flow for the year ended 30 April 2014.

Other Gains

During the year ended 30 April 2014, the fair value of the AFS investment increased significantly. The Group decided to realise the gain and disposed of the related shares in several batches, which resulted in a gain of HK$6,983,000 during the year. The available-for-sale investment was fully disposed of during the year.

Termination of the letter of intent (the "LOI")

On 29 January 2014, the Company, Luyou International Sports Limited (the "Seller") and Mr. Li Tung Lok entered into the LOI in relation to the proposed acquisition of the entire equity interest of Luyou International Holdings Limited. Under the LOI, it was agreed that, in consideration of the grant of exclusivity by the Company and Mr. Li to the Seller, the Seller would pay an exclusivity payment of USD1,000,000 (the "Exclusivity Payment") to the Company.

Despite the Company's repeated requests and demands, and a demand letter issued by the Company's solicitors to the Seller to demand payment of the Exclusivity Payment, the Seller failed to effect payment. Accordingly, the Company chose to treat the Seller's non-payment as a repudiation of the LOI, and the LOI was terminated with effect from 3 June 2014.

For further details, please refer to the announcements of the Company dated 29 January 2014 and 4 June 2014.

Pledge of Assets

As at 30 April 2014, trade receivables with a carrying amount of approximately HK$51,619,000 (2013: 23,948,000) were pledged to secure bank borrowings granted to the Group.

Capital Expenditure

During the year ended 30 April 2014, the Group invested HK$15,117,000 (2013: HK$15,668,000) in acquiring property, plant and equipment. This capital expenditure was financed by internal financial resources.

Employees And Emolument Policy

As at 30 April 2014, the total number of employees of the Group was 993 (2013: 818). The increase in the number of employees was mainly to catch up with the Group's business growth momentum during the year. 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.

Prospects

The Group expects to face a range of challenges in the PRC such as labour shortage and rising salaries. In order to improve its operational performance, the Group will continue to impose tight controls over its manufacturing overheads. The Group will also continue to review its existing product mix and customer portfolios to optimise its production capacity utilisation.

In order to expand the Group's market share and sustain its competitive edge, the Group will continuously strengthen its engineering efforts in production planning in order to optimise its cost structure. It is expected that an optimised cost structure will give rise to higher production yields, cost savings and a reduction in lead-time. As a result, the Group will be able to serve its customers better and get more production orders.

According to the latest forecast made in June 2014 by the International Data Corporate (IDC), an information technology research firm, media tablets and smartphones were forecasted to grow 15.6% year on year in 2014. Such sales growth will be a major driver for growth in the semiconductor market in 2014. It is expected that many of the Group's world-class customers will benefit from this trend. Through its solid foundation in engineering and new products development, the Group looks forward to the prospect of a period of sustained growth. In addition, the Group will continue to explore other business opportunities with a view to generating improved returns for the shareholders of the Company (the "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 2014, 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. Nevertheless, such deviations are considered by the Board to be immaterial given the size, nature and circumstances of the Company.

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 a majority of the Board members are independent non-executive Directors, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company.

Appointment, Retirement and Re-election of Directors

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

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

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

AUDIT COMMITTEE

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

As at 30 April 2014 and up to 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. Chan Kin Fung Phil. Mr. How Sze Ming and Mr. Lee Kwok Wan are qualified accountants with extensive experience in accounting, audit and financial matters.

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

The major roles and functions of the Audit Committee include:

– overseeing the relationship between the Group and its external auditor;

– reviewing the appointment of the external auditor to ensure continuing auditor's independence;

– reviewing the Group's preliminary results, interim results and annual financial statements;

– monitor the corporate governance of the Group including compliance with statutory and the Listing Rules requirements; and

– assisting the Board in fulfilling its responsibilities by providing an independent review and supervision of the Group's financial reporting system, and effectiveness of the Group's internal control system.

The annual report for the year ended 30 April 2014 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.

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting (the "AGM") of the Company will be held on Thursday, 18 September 2014. Notice of the AGM will be published and issued to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 16 September 2014 to Thursday, 18 September 2014 (both days inclusive) for the purpose of determining the Shareholders' entitlement to attend and vote at the AGM.

In order to qualify for attending and voting at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 15 September 2014.

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 2014 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 25 July 2014

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Li Tung Lok (Executive Chairman and Chief Executive) and Mr. Phen Hoi Ping, Patrick and three Independent Non-executive Directors, namely Mr. How Sze Ming, Mr. Lee Kwok Wan and Mr. Chan Kin Fung, Phil.