QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

ANNUAL RESULTS
FOR THE YEAR ENDED 30 APRIL 2018

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 2018 together with the comparative figures for the year ended 30 April 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

	NOTES	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*3*	**315,861**	280,719
Changes in inventories of finished goods and work in progress		**(5,298)**	3,049
Raw materials and consumables used		**(148,885)**	(134,635)
Other income	*4*	**18,005**	6,368
Exchange (loss)/gain, net		**(4,185)**	2,632
Net fair value loss on financial asset at fair value through profit or loss ("FVTPL")		**(47,517)**	(59,379)
Realised loss on disposal of financial asset at FVTPL		**(131,235)**	–
Other gains and losses	*4*	**94**	–
Staff costs		**(94,926)**	(82,085)
Equity-settled share-based payment expense		**(19,040)**	–
Depreciation of property, plant and equipment		**(6,653)**	(1,986)
Other expenses		**(86,472)**	(76,005)
Finance cost		**(43)**	(1,122)
Loss before taxation		**(210,294)**	(62,444)
Taxation	*5*	**(1,129)**	7,294
Loss for the year	*6*	**(211,423)**	(55,150)
Other comprehensive income/(expense) for the year:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,800**	(50)
Total comprehensive expense for the year		**(209,623)**	(55,200)
Loss per share	*8*		
Basic and diluted		**(HK9.37 cents)**	(HK2.44 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 APRIL 2018

	NOTES	**2018** **HK$'000**	2017 *HK$'000*
Non-current asset			
Property, plant and equipment		**162,701**	27,843
Current assets			
Inventories		**47,436**	41,503
Trade and other receivables	*9*	**116,474**	59,335
Deposits and prepayments		**24,697**	5,370
Financial asset at FVTPL		**50,057**	247,908
Loan receivables	*11*	**23,887**	80,620
Bank balances and cash		**150,249**	322,761
		412,800	757,497
Current liabilities			
Trade and other payables	*10*	**32,989**	34,463
Deposits and accrued expenses		**33,329**	21,710
Taxation payable		**919**	833
Bank and other borrowings		**4,236**	33,233
Obligations under finance leases		**508**	491
		71,981	90,730
Net current assets		**340,819**	666,767
		503,520	694,610
Capital and reserves			
Share capital		**180,501**	180,501
Share premium and reserves		**322,562**	513,145
Equity attributable to owners of the Company		**503,063**	693,646
Non-current liabilities			
Obligations under finance leases		**457**	964
		503,520	694,610

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 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

In the current year, the Group has adopted all the new and revised standards, amendments and interpretations (the "new and amendments to HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods on or after 1 April 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKAS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

In the opinion of Directors, the application of the new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

New and amendments to HKFRSs in issue not yet effective

The Group has not early applied the following new and amendments to 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[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 15	Clarification of HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 1 and HKAS 28	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
[4] No mandatory effective date yet determined but available for adoption.

3. REVENUE AND SEGMENTAL INFORMATION

Revenue

Revenue 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 Group currently operates in one business segment in the manufacture and sale of integrated circuit leadframes, heatsinks, stiffeners and related product. A single management team reports to chief operating decision makers who comprehensively manages the entire business. Accordingly, the Group does not have separate reportable segments.

The customers of the Group are mainly located in the United States of America (the "USA"), Hong Kong, Europe, the People's Republic of China (the "PRC"), Philippines, Malaysia, Singapore, Thailand. Customers located in other countries have been aggregated into a single reportable segment as the segments do not meet the quantitative thresholds as set out in HKFRS 8.

Segment revenues and results

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

	Revenue		**Segment results**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The USA	**38,420**	45,630	**442**	290
Hong Kong	**2,535**	4,248	**30**	27
Europe	**12,543**	3,637	**149**	23
The PRC	**113,597**	101,279	**1,273**	646
Philippines	**33,369**	31,015	**399**	198
Malaysia	**55,916**	35,963	**748**	229
Singapore	**14,446**	14,877	**171**	95
Thailand	**32,528**	26,906	**385**	171
Reportable segment total	**303,354**	263,555	**3,597**	1,679
Other countries	**16,407**	23,562	**317**	201
	319,761	287,117	**3,914**	1,880
Eliminations	**(3,900)**	(6,398)	**–**	–
Revenue to external customers and segment results	**315,861**	280,719	**3,914**	1,880
Net gain on disposal of property, plant and equipment			**94**	–
Net fair value loss on financial asset at FVTPL			**(47,517)**	(59,379)
Realised loss on disposal of financial asset at FVTPL			**(131,235)**	–
Equity-settled share-based payment expenses			**(19,040)**	–
Depreciation of property, plant and equipment			**(6,653)**	(1,986)
Unallocated interest income			**8,868**	1,439
Unallocated corporate expenses			**(18,682)**	(3,276)
Finance cost			**(43)**	(1,122)
Loss before taxation			**(210,294)**	(62,444)

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

Segmental information – continued

Segment revenues and results – continued

Included in the USA and PRC reportable segments are revenue from inter-segments of HK$3,900,000 (2017: HK$6,328,000) and Nil (2017: HK$70,000) respectively.

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) 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 on financial asset at FVTPL, realised loss on disposal of financial asset at FVTPL, equity-settled share-based payment expenses, 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

	2018	2017
	HK$'000	*HK$'000*
The USA	**6,751**	10,534
Hong Kong	**290**	490
Europe	**7,771**	23
The PRC	**34,698**	23,920
Philippines	**3,367**	4,942
Malaysia	**8,166**	4,882
Singapore	**2,367**	2,937
Thailand	**5,499**	3,312
Reportable segment total	**68,909**	51,040
Other countries	**1,300**	4,012
	70,209	55,052
Unallocated		
Property, plant and equipment	**162,701**	27,843
Inventories	**47,436**	41,503
Financial asset at FVTPL	**50,057**	247,908
Other receivables	**46,265**	4,283
Loan receivables	**23,887**	80,620
Bank balances and cash	**150,249**	322,761
Deposits and prepayments	**24,697**	5,370
Consolidated total assets	**575,501**	785,340

3. REVENUE AND SEGMENTAL INFORMATION – continued

Segment asset – 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, financial asset at FVTPL, inventories, other receivables, loan receivables, 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.

Geographical information by location of assets

The Group's non-current assets of HK$43,917,000 (2017: HK$27,843,000) are located in the PRC and HK$118,784,000 (2017: Nil) are located in Hong Kong based on physical location of assets.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2018 *HK$'000*	2017 *HK$'000*
Other income		
Sales of by-products and scrap	**5,029**	4,874
Bank interest income	**12**	819
Interest income from loan receivables	**8,856**	620
Rental income	**1,276**	–
Sundry income	**2,832**	55
	18,005	6,368
Other gains and losses		
Net gain on disposal of property, plant and equipment	**94**	–

5. TAXATION

	2018	2017
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Current tax:		
PRC Enterprise Income Tax	**1,129**	1,292
Deferred tax	**–**	(8,586)
	1,129	(7,294)

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

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary 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 the following items:

	2018	2017
	HK$'000	*HK$'000*
Directors' emolument	**2,730**	2,570
Salaries and allowances of other staff	**87,106**	74,109
Contributions to retirement benefit scheme contributions of other staff	**5,090**	5,406
	94,926	82,085
Repair and maintenance expenses	**20,517**	13,265
Allowance for inventories (included in raw materials and consumables used)	**–**	423
Auditors' remuneration	**1,119**	1,180
Interest on obligation under finance lease	**43**	42
Interest on borrowings	**–**	1,080
Operating lease rentals in respect of premises	**16,309**	10,862

7. DIVIDEND

No dividend was paid or proposed during the year ended 30 April 2018 (2017: nil). The directors of the Company do not recommend the payment of a dividend for the year ended 30 April 2018 (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company for the purposes of basic and diluted loss per share	**(211,423)**	(55,150)

	2018	2017
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**2,256,265,322**	2,256,265,322

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

9. TRADE AND OTHER RECEIVABLES

Trade and Other Receivables

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**70,302**	55,145
Less: Allowance for bad and doubtful debts	**(93)**	(93)
	70,209	55,052
Other receivables	**46,265**	4,283
	116,474	59,335

9. TRADE AND OTHER RECEIVABLES – continued

Trade and Other Receivables – continued

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:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**61,867**	17,736
Between 31 and 60 days	**6,810**	22,956
Between 61 and 90 days	**1,380**	12,744
Over 90 days	**152**	1,616
	70,209	55,052

10. TRADE AND OTHER PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
Trade payables		
Within 30 days	**9,189**	9,528
Between 31 and 60 days	**8,349**	4,861
Between 61 and 90 days	**5,239**	3,384
Over 90 days	**10,199**	9,529
	32,976	27,302
Other payables	**13**	7,161
	32,989	34,463

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

11. LOAN RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**–**	–
Between 31 and 60 days	**–**	20,170
Between 61 and 90 days	**10,735**	30,225
Over 90 days	**13,152**	30,225
	23,887	80,620

The loan to customers were repaid in accordance with the terms of the loan agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the fiscal year under review, the Group reported a turnover of HK$315.86 million, representing an increase of 12.52% as compared with HK$280.72 million for the previous year. The Group's consolidated loss for the year amounted to HK$211.42 million as compared with a consolidated loss of HK$55.15 million for the previous year. Basic loss per share was HK9.37 cents (2017: loss per share of HK2.44 cents). Recurring LBITDA, computed as loss before tax excluding net fair value loss on financial asset at FVTPL, realised loss on disposal of financial asset at FVTPL, depreciation and finance cost, amounted to a LBITDA of HK$24.85 million (2017: Recurring EBITDA, computed as loss before tax excluding net fair value loss on financial asset at FVTPL, depreciation and finance cost, amounted to a EBITDA of HK$43,000).

Dividend

The Directors do not recommend the payment of a dividend for the year (2017: nil).

Business Review

During the year under review, the Group's business maintained stable and the Group recorded an increase in turnover of 12.52% to HK$315.86 million (2017: HK$280.72 million) during the year.

During the year, staff costs increased by 15.64% to HK$94.93 million (2017: HK$82.09 million) representing 30.05% (2017: 29.24%) of the Group's turnover. Other expenses increased by 13.77% to HK$86.47 million (2017: HK$76.01 million) representing 27.38% (2017: 27.08%) 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.

The financial results of the Group were mainly affected by the realised loss on disposal of financial asset at FVTPL of approximately HK$131.24 million and the net fair value loss on financial asset at FVTPL of approximately HK$47.52 million during the year under review. The realised loss on disposal of financial asset at FVTPL mainly comprised of the loss on disposal of the listed equity securities of GreaterChina Professional Services Limited ("GPS")(approximately HK$43.08 million), Luen Wong Group Holdings Limited ("LW") (approximately HK$32.13 million), Major Holdings Limited ("MH") (approximately HK$19.84 million) and China Jicheng Holdings Limited ("CJ") (approximately HK$11.91 million). The net fair value loss on financial asset at FVTPL mainly comprised of the fair value loss on investment in unlisted equity securities of Henghua Global New Opportunity Fund SP (the "Fund") (approximately HK$26.88 million), the fair value loss on investment in listed equity securities of GPS (approximately HK$15.88 million) and China Investment and Finance Group Limited ("CIF") (approximately HK$9.60 million), and the fair value gain on investment in listed equity security of WLS Holdings Limited ("WLS") (approximately HK$19.12 million). Details of the financial asset at FVTPL are disclosed in the "Significant Investments" section below.

Prospects

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 order to improve the Group's operational performance, the Group will continue to implement plans to increase its production efficiency and capacity. In order to improve the Group's competitiveness and fulfill different production requirements, the Group would deploy resources to upgrade and restructure existing plants and machineries, and environmental protection facilities.

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

Cash Company Concern and Acquisition of Properties

The Company raised net proceeds of approximately HK$636.83 million (the "Total Proceeds") by way of an open offer and placing of new shares during 2016 (the "Fundraising"). The Company originally intended to apply the Total Proceeds for expanding the principal business of the Company by acquisition of land for the construction of a new factory, purchase of new machinery for the new factory and construction of a new factory (the "Initial Expansion Plan").

The Board subsequently terminated the Initial Expansion Plan and changed the use of the Total Proceeds to as to i) approximately HK$226.83 million for acquisition of Hong Kong listed equities and subscription of an investment fund (the "Securities Investment"), ii) approximately HK$200 million for making loan facility to a licensed money lender to earn interest income to the Company ("Provision of Loan Facility"), and, as to iii) approximately HK$210 million for expanding its manufacture and sale of integrated circuit lead-frames, heatsinks, stiffeners and related products, and/or for general working capital, and/or for future possible investment opportunities in relation to the principal business of the Company.

On 12 May 2017, the Company received a letter from the Stock Exchange that it appears to the Stock Exchange that: i) the scale of the Fundraising was large and had a material dilution impact to the then shareholders; ii) the Company's assets have been consisted substantially of cash and cash equivalent since after the Fundraising; iii) both the Securities Investment and the Provision of Loan Facility (the ''New Businesses") is/would be greenfield operations of new business of the Company; and iv) it is likely that the New Businesses would be larger than the Company's existing manufacturing business. The Stock Exchange was minded to determine the Company had become a cash company and trading in its securities would be suspended under Rule 14.82 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

It is the Company's intention to take appropriate actions to warrant its listing status. On 19 May 2017, the Company terminated the Provision of Loan Facility and proposed to make a distribution of approximately HK$300 million to the shareholders of the Company (the "Distribution") as a reward for their continuing support, and undertook various actions to develop its existing manufacturing business of approximately HK$272 million (the "Immediate Expansion Plans"). The Distribution and the Immediate Expansion Plans could be funded through the cash available after the termination of the Provision of Loan Facility and by liquidating the Securities Investments, if necessary. The Company expected upon the implementation of the above plans should eliminate the Stock Exchange's concern that the Company would became a cash company.

The Distribution was conditional upon, inter alia, the passing of a special resolution by the shareholders of the Company to approve the reduction of share premium at the special general meeting held on 14 July 2017. Since the special resolution to approve the reduction of share premium was not passed and the condition of the Distribution was not fulfilled, no Distribution was made accordingly.

On 15 July 2017, the Company resolved to change approximately HK$120 million from the proceed of the Distribution for the acquisition of two properties (the "Properties") for the reasons of coping with its future expansion of the Group's business and also resolving the cash company issue. The Properties are situated in an office building in Hong Kong's prime commercial district and would be used by the Group for the purpose of office premises after the expiry of the existing tenancy agreements.

Significant Investments

Since there was no financial asset at FVTPL and other investments held by the Group valued more than 5% of the total assets of the Group as at 30 April 2018, there were no significant investments held by the Group. Details of the financial asset at FVTPL held by the Group were as follows:

	As at 30 April 2018		**As at 30 April 2017**
Financial asset at FVTPL	**Fair value** *HK$'000*	**Approximately percentage to the total asset**	**Fair value** *HK$'000*
Listed equity securities			
WLS	26,980	4.69%	2
CIF	3,121	0.54%	12,723
GPS	1,343	0.23%	64,900
LW	–	–	42,705
MH	–	–	23,800
CJ	–	–	13,903
Other listed equity securities *(note 1)*	15,126	2.63%	59,509
Sub-total	46,570	8.09%	217,542
Unlisted equity securities			
The Fund	3,487	0.61%	30,366
Total	50,057	8.70%	247,908

Note:

1. As at 30 April 2018, other listed equity securities comprised 5 listed equity securities and none of them was more than 2% of the total assets of the Group.

WLS, CIF, GPS, LW, MH and CJ are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The major activities of WLS are the provision of scaffolding and fitting out services, management contracting services and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business. The major activities of CIF are securities trading and investment holding. The major activities of GPS are provision of asset advisory services and asset appraisal; corporate services and consultancy; media advertising; and financial services. The major activities of LW are provision of civil engineering works and investment holding. The major activities of MH are the sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong. The major activities of CJ are manufacturing and sale of POE umbrellas, nylon umbrellas and umbrella parts such as plastic cloth and shaft. The Fund is managed by Henghua Global Fund SPC, an exempted company incorporated with limited liability under the laws of the Cayman Islands. The investment objective of the Fund is to generate income and/or achieve capital appreciation through investing in a variety of the investments.

The Directors considered that the future prospects of the financial asset at FVTPL held by the Group may be affected by external market conditions, and the Directors will continue to monitor and assess the Group's investment.

Liquidity and Financial Resources

The Group's bank balances and cash amounted to HK$150.25 million (2017: HK$322.76 million). To finance its working capital, the Group has incurred total outstanding debts of HK$5.20 million as at 30 April 2018 (2017: HK$34.69 million), which comprised HK$0.97 million (2017: HK$1.46 million) of obligations under finance leases, HK$Nil (2017: HK$33.16 million) of collateralised bank borrowings, and HK$4.23 million (2017: HK$0.07 million) amount due to a director. In terms of interest costs, included in the outstanding debts, HK$0.97 million (2017: HK$34.62 million) was interest bearing and HK$4.23 million (2017: HK$0.07 million) was interest free.

The gearing ratio was 1.0% as at 30 April 2018 (2017: 5.0%).

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 2018 did not adversely affect the Group's operations or liquidity.

During the year under review, no foreign exchange contract was entered into by the Group 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.

Pledge of Assets

As at 30 April 2018, the Group did not pledge any assets. As at 30 April 2017, trade receivables with a carrying amount of approximately HK$41.6 million were pledged to secure bank borrowings granted to the Group. As at 30 April 2018, motor vehicles with a carrying amount of approximately HK$1.28 million (2017: HK$1.62 million) were assets held under finance leases.

Capital Expenditure

During the year ended 30 April 2018, the Group invested HK$141.51 million (2017: HK$12.31 million) in acquiring property, plant and equipment. This capital expenditure was financed mainly from internal financial resources.

Employees and Emolument Policy

As at 30 April 2018, the total number of employees of the Group was approximately 1,230 (2017: 1,130). 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.

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 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.

During the year ended 30 April 2018, 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 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 and two independent non-executive Directors, Mr. Chu Chun On Franco and Ms. Chung Hoi Yan were unable to attend the general meetings of the Company held on 14 July 2017 and 31 October 2017.

AUDIT COMMITTEE

The Audit Committee was established in April 2000. As at the date of this announcement, the Audit Committee has consisted of three independent non-executive Directors, namely, Ms. Chung Hoi Yan (being the Chairman of the Audit Committee), Mr. Chu Chun On Franco and Mr. Yau Chi Hang. Ms. Chung Hoi Yan is a qualified accountant 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 and are posted on the websites of the Company and the Stock Exchange.

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;
- monitoring 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 2018 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 to 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 Company (www.qpl.com) and the Stock Exchange. The Company's annual report for the year ended 30 April 2018 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, 27 July 2018

As at the date of this announcement, the Board comprises four Executive directors, namely Mr. Li Tung Lok (Executive Chairman and Chief Executive), Mr. Phen Hoi Ping, Patrick, Mr. Wong Ka Lok, Andrew and Ms. Tung Siu Ching and three Independent Non-executive directors, namely Ms. Chung Hoi Yan, Mr. Yau Chi Hang and Mr. Chu Chun On, Franco.