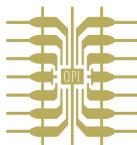


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QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

PROPOSED CAPITAL REORGANISATION

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders the Capital Reorganisation for approval. The Capital Reorganisation will comprise of:

(1) Share Consolidation

Every twelve (12) issued Existing Shares of a par value of HK\$0.08 each in the issued share capital of the Company shall be consolidated into one (1) Consolidated Share of a par value of HK\$0.96 each in the issued share capital of the Company.

(2) Capital Reduction

Immediately upon the Share Consolidation becoming effective, the issued share capital of the Company shall be reduced by (i) rounding down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (ii) cancelling the paid up capital of the Company to the extent of HK\$0.95 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.96 to HK\$0.01.

Upon the Capital Reorganisation becoming effective, the size of each board lot of the New Shares will remain the same, being 9,000 New Shares per board lot and the New Shares will rank pari passu in all respects with each other in accordance with the memorandum of association and bye-laws of the Company.

The Capital Reorganisation will become effective upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” below.

GENERAL

A circular containing, among other things, further details of the Capital Reorganisation and a notice of SGM, is expected to be despatched to the Shareholders on or before Friday, 3 April 2020.

PROPOSED CAPITAL REORGANISATION

The Board proposes that every twelve (12) issued Existing Shares of a par value of HK\$0.08 each in the issued share capital of the Company be consolidated into one (1) Consolidated Share of a par value of HK\$0.96 each in the issued share capital of the Company. The Board further proposes that immediately upon the Share Consolidation becoming effective, the issued share capital of the Company be reduced by (i) rounding down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (ii) cancelling the paid up capital of the Company to the extent of HK\$0.95 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.96 to HK\$0.01.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,210,000,000 divided into 15,000,000,000 Existing Shares of a par value of HK\$0.08 each and 500,000,000 Limited Voting Preference Shares of a par value of HK\$0.02 each, of which 2,256,265,322 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Upon the Capital Reorganisation becoming effective and assuming no further Existing Shares will be allotted, issued or repurchased from the date hereof until the effective date of the Capital Reorganisation, the authorised share capital of the Company shall become HK\$1,210,000,000 divided into 120,000,000,000 New Shares of a par value of HK\$0.01 each and 500,000,000 Limited Voting Preference Shares of a par value of HK\$0.02 each, of which 188,022,110 New Shares have been allotted and issued as fully paid or credited as fully paid upon the Capital Reorganisation becoming effective.

The credit of HK\$178,621,004.66 arising from the Capital Reduction will be credited to the contributed surplus account of the Company and the Board will be authorised to utilise credits in the contributed surplus account in any manner as may be permitted under the bye-laws of the Company and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company.

Upon the Capital Reorganisation becoming effective and assuming that there is no change in the number of issued Shares prior to the SGM, the share capital structure of the Company will be as follows:

	Immediately before the Capital Reorganisation becoming effective	Immediately after the Capital Reorganisation becoming effective
Authorised share capital	HK\$1,210,000,000.00	HK\$1,210,000,000.00
Par value	HK\$0.08 per Existing Share HK\$0.02 per Limited Voting Preference Share	HK\$0.01 per New Share HK\$0.02 per Limited Voting Preference Share
Number of authorised Shares	15,000,000,000 Existing Shares 500,000,000 Limited Voting Preference Shares	120,000,000,000 New Shares 500,000,000 Limited Voting Preference Shares
Amount of issued share capital	HK\$180,501,225.76	HK\$1,880,221.10
Number of issued Shares	2,256,265,322 Existing Shares	188,022,110 New Shares
Amount of unissued share capital	HK\$1,029,498,774.24	HK\$1,208,119,778.90
Number of unissued Shares	12,743,734,678 Existing Shares 500,000,000 Limited Voting Preference Shares	119,811,977,890 New Shares 500,000,000 Limited Voting Preference Shares

The Limited Voting Preference Shares will not be subject to the Capital Reorganisation.

Upon the Capital Reorganisation becoming effective, the size of each board lot of the New Shares will remain the same, being 9,000 New Shares per board lot and the New Shares will rank pari passu in all respects with each other in accordance with the memorandum of association and bye-laws of the Company.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled. The Board are of the view that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group or its overall net asset value.

The Board does not expect that on the date the Capital Reorganisation is to be effected, there will be any reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No outflow of resources would be caused by the Capital Reorganisation, except for the expenses expected to be insignificant in the context of the net asset value of the Company. The Capital Reorganisation itself does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in changes to the relative rights of the Shareholders.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions:

- (a) the passing of the necessary special resolution(s) by the Shareholders to approve the Capital Reorganisation at the SGM;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;
- (c) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (d) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

It is expected that the Capital Reorganisation will become effective on Tuesday, 5 May 2020.

Adjustment in relation to other securities of the Company

As at the date of this announcement, the Company has 448,330,000 outstanding Share Options. Further announcement will be made by the Company as and when appropriate in respect of any adjustment to be made as a result of the Capital Reorganisation to the exercise price of those outstanding Share Options and the aggregate number of Shares to be allotted and issued upon exercise of the subscription rights attaching to those outstanding Share Options.

Save as aforesaid, the Company has no other outstanding convertible securities, shares options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Listing Application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and the permission to deal in, the New Shares on the Stock Exchange upon the Capital Reorganisation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time of the Capital Reorganisation becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may during the period from Tuesday, 5 May 2020 to Wednesday, 10 June 2020 (both days inclusive) submit existing share certificates in the colour of pale yellow for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for the exchange of new share certificates for the New Shares (on the basis of twelve (12) Existing Shares for one (1) New Share) at the expense of the Company.

Thereafter, certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.5 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher.

After 4:30 p.m. on Wednesday, 10 June 2020, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The colour of the new share certificates for the New Shares will be announced by the Company in due course.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company will appoint a securities firm to provide matching services, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of the holding of odd lots of the New Shares. Details of the odd lot trading arrangement will be set out in the circular of the Company to be despatched to the Shareholders which shall also contain, inter alia, details of the Capital Reorganisation.

Holders of odd lots of the New Shares should note that the matching of the sale and purchaser of odd lots of the New Shares is not guaranteed.

REASONS FOR THE CAPITAL REORGANISATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 (the “Guide”) has further stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000. For the purpose of reducing transaction costs, the Board proposes the Share Consolidation.

The closing price of the Existing Shares as at the date of this announcement was HK\$0.025. The closing prices of the Existing Shares ranged from HK\$0.021 to HK\$0.105 for the past two years (the “Review Period”). By considering the highest daily closing price of HK\$0.105 and the current board lot size of 9,000, the value per board lot during the Review Period were lower than HK\$2,000. Brokers generally charge their clients a fee per board lot, i.e. the handling costs of dealings in more board lots are higher than those for less board lots. After the Share Consolidation, the number of new board lots will be one-twelve of that of old board lots for the same amount of value. Further, the Share Consolidation will reduce the overall dealing costs of the Shareholders. In view of the trading price of the Existing Shares and after weighing the potential benefits and the immediate effect of the Share Consolidation on increasing the trading price per Share and the minimal expenses involved in the Share Consolidation, the Board proposes to implement the Share Consolidation and considers that the Share Consolidation would be most effective and practical mean to bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. Based on the closing price of HK\$0.025 per Existing Share (equivalent to the theoretical closing price of HK\$0.300 per New Share) as at the date of this announcement, the value of each board lot of the Existing Shares is HK\$225 and the theoretical market value of each board lot of the New Shares, assuming the Capital Reorganisation had become effective, would be HK\$2,700. It is expected that the Share Consolidation would enable the Company to comply with Rule 13.64 of the Listing Rules.

Pursuant to the bye-laws of the Company, the Company may not issue new shares below par value, which will be HK\$0.96 if the Share Consolidation takes effect without the Capital Reduction.

Since 16 March 2019, the closing prices of the Existing Shares dropped below the par value of the Existing Shares of HK\$0.08. Without the Capital Reduction, the Board may find it extremely difficult to negotiate with any potential investors to subscribe for new Shares or securities of the Company. The Board believes that the Capital Reduction will provide greater flexibility to the Company in pricing any future capital raising exercise as the par value per Share can be kept at a lower level.

In addition, the credit arising from the Capital Reduction will be transferred to the Contributed Surplus and following the Share Consolidation, the Board will be authorised to utilise and apply any credit balance in the Contributed Surplus in accordance with the bye-laws of the Company and all applicable laws, including the application of any credit balance to set off against accumulated losses of the Company, as and when the Board may consider appropriate. In the event of the Board applying credit balance in the Contributed Surplus to set-off against the accumulated losses of the Company, the Company’s capital and reserves will more closely reflect the available net assets of the Company and would give the Company a capital structure that should, subject to performance and availability of distributable reserves, permit the payment of dividends as and when the Board consider it appropriate in the future.

Based on the above, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and its Shareholders as a whole.

As at the date of this announcement, the Company had no intention to carry out any other corporate actions or arrangements and had no plan or intention or was not under any negotiation to enter into any agreement to conduct any potential fund raising activity in the coming 12 months. However, the Board does not rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future developments of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation is as follows:

Events	Expected Time and Date, 2020
Despatch date of circular in relation to the Capital Reorganisation with notice of SGM.	Friday, 3 April
Latest time to lodge transfer documents	4:30 p.m. on Wednesday, 22 April
Closure of register of members (both dates inclusive)	Thursday, 23 April to Wednesday, 29 April
Latest date and time for lodging forms of proxy for the SGM.	11:00 a.m. on Monday, 27 April
Date and time of the SGM	11:00 a.m. on Wednesday, 29 April
Announcement of the voting result of the SGM	Wednesday, 29 April
Effective date of the Capital Reorganisation	Tuesday, 5 May
First day for free exchange of existing share certificates for new share certificates for the New Shares.	Tuesday, 5 May
Dealing in the New Shares commences	9:00 a.m. on Tuesday, 5 May
Original counter for trading in the Existing Shares in board lots of 9,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 5 May
Temporary counter for trading in the New Shares in board lots of 750 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 5 May

Events

Expected Time and Date, 2020

Original counter for trading in the New Shares in board lots of 9,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Tuesday, 19 May
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Tuesday, 19 May
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares	9:00 a.m. on Tuesday, 19 May
Temporary counter for trading in the New Shares in board lots of 750 New Shares (in the form of existing share certificates) closes.	4:10 p.m. on Monday, 8 June
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Monday, 8 June
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares	4:10 p.m. on Monday, 8 June
Last day for free exchange of existing share certificates for new share certificates for the New Shares	Wednesday, 10 June

Note: All times and dates in this announcement refer to Hong Kong local times and dates. In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

GENERAL

The Capital Reorganisation is conditional upon, among other things, the convening of the SGM for Shareholders to consider and, if thought fit, passing the resolution to approve the Capital Reorganisation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution in relation to the Capital Reorganisation to be proposed at the SGM.

A circular of the Company containing, among other matters, further details of the Capital Reorganisation and a notice of SGM is expected to be despatched to the Shareholders on or before Friday, 3 April 2020.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by (i) rounding down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (ii) cancelling the paid up capital of the Company to the extent of HK\$0.95 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.96 to HK\$0.01
“Capital Reorganisation”	the proposed capital reorganisation of the Company comprising (i) the Capital Reduction, and (ii) the Share Consolidation
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	QPL International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 243)
“Consolidated Share(s)”	ordinary share(s) of HK\$0.96 each in the issued share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.08 each in the share capital of the Company
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Limited Voting Preference Shares”	redeemable preference share(s) of par value of HK\$0.02 each in the authorised share capital of the Company
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company immediately after the Capital Reduction becoming effective
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation
“Share(s)”	the Existing Share(s) or the Consolidated Share(s) or the New Share(s) as the case may be
“Share Consolidation”	the proposed consolidation of every twelve (12) Existing Shares of HK\$0.08 each in issue into one (1) issued Consolidated Share of HK\$0.96 each
“Share Option(s)”	the option(s) to subscribe for Shares on terms determined by the Directors pursuant to the share option scheme adopted by the Company on 15 September 2015, or any other share option scheme of the Company
“Shareholder(s)”	holder(s) of the Existing Share(s) or the Consolidated Share(s) or the New Share(s) as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 27 March 2020

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. Liu Rongrui and Mr. Chu Chun On, Franco.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.