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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in QPL International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

**PROPOSALS FOR
REDUCTION OF SHARE PREMIUM AND
DISTRIBUTION OUT OF CONTRIBUTED SURPLUS ACCOUNT
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting of QPL International Holdings Limited to be held on Friday, 14 July 2017 at 10:30 a.m. at Portion 2, 12/F, The Center, 99 Queen's Road Central, Central, Hong Kong is set out on pages 11 to 12 of this circular.

Whether or not you are able to attend the special general meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding of the special general meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

16 June 2017

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“Accumulated Losses Account”	the accumulated losses account of the Company
“Board”	the board of Directors
“Bye-laws”	the bye-laws from time to time adopted by the Company
“Company”	QPL International Holdings Limited (Stock code: 243), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Companies Act”	The Companies Act 1981 of Bermuda (as amended)
“Contributed Surplus Account”	the contributed surplus account of the Company
“Directors”	the directors of the Company
“Distribution”	the proposed distribution of an amount of HK\$300,083,287.83 (representing HK\$0.133 per Share) to the Qualifying Shareholders to be paid in cash out of the contributed surplus account of the Company after the Reduction of Share Premium becoming effective on the basis set out in this circular
“Effective Date”	the date on which the Reduction of Share Premium shall become effective, being (subject to compliance with the Companies Act) the business day immediately following the day of passing of the special resolution to approve the Reduction of Share Premium at the SGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	14 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	the record date, being 21 July 2017, for the purpose of ascertaining the entitlements of the Shareholders to and under the Distribution
“Reduction of Share Premium”	(i) the proposed reduction of the Share Premium Account by HK\$690,000,000; (ii) the transfer of the credit amount arising from the reduction to the contributed surplus account of the Company; and (iii) the granting of authorisation to the Directors to utilise and apply any credit balance in the Contributed Surplus Account 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 Account and making distribution out of the contributed surplus account to the Shareholders) as and when the Directors may consider appropriate
“SGM”	the special general meeting of the Company to be convened on Friday, 14 July 2017 to consider amongst others and, if thought fit, approve the Reduction of Share Premium and the Distribution
“Share Premium Account”	the share premium account of the Company
“Share(s)”	ordinary share(s) of par value HK\$0.08 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

EXPECTED TIMETABLE

The expected timetable for the Reduction of Share Premium and the Distribution set out below is indicative only:

Event	2017
Despatch of this circular and notice of the SGM	Friday, 16 June
Latest time for lodging forms of proxy for the SGM	10:30 a.m. on Wednesday, 12 July
Date and time of the SGM	10:30 a.m. on Friday, 14 July
Reduction of Share Premium becoming effective	Monday, 17 July
Last day of trading in Shares cum-entitlements to the Distribution	Tuesday, 18 July
First day of trading in Shares ex-entitlements to the Distribution	Wednesday, 19 July
Latest time for lodging share transfer forms for registration to qualify for entitlements to the Distribution	4:30 p.m. on Thursday, 20 July
Closure of register of members of the Company	Friday, 21 July
Record Date for determination of entitlement to the Distribution	Friday, 21 July
Register of members of the Company re-opens	Monday, 24 July
Cheques for the Distribution to be despatched	on or about Tuesday, 15 August

Notes:

- (1) All times refer to Hong Kong local time in this circular.
- (2) Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable (including the Record Date) will be published or notified to the Shareholders in compliance with the Listing Rules.

LETTER FROM THE BOARD



QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

Executive Directors:

Mr. Li Tung Lok (*Executive Chairman and
Chief Executive*)

Mr. Phen Hoi Ping, Patrick

Mr. Wong Ka Lok, Andrew

Ms. Tung Siu Ching

Non-executive Director:

Mr. Wong Wai Man

Independent Non-Executive Directors:

Ms. Chung Hoi Yan

Mr. Yau Chi Hang

Mr. Chu Chun On, Franco

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

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

16 June 2017

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR
REDUCTION OF SHARE PREMIUM AND
DISTRIBUTION OUT OF CONTRIBUTED SURPLUS ACCOUNT
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the SGM for the approval of, *inter alia*:

1. the Reduction of Share Premium; and
2. the Distribution.

LETTER FROM THE BOARD

Reduction of Share Premium

The Board puts forward a proposal to the Shareholders at the SGM for the Reduction of Share Premium pursuant to the Bye-laws and the law of Bermuda.

As at 30 April 2016, based on the audited financial statements of the Company, the share premium, the contributed surplus and the accumulated losses of the Company were approximately HK\$696,687,836, HK\$131,128,129 and HK\$295,224,080 respectively. It is proposed that the Share Premium Account will be reduced by HK\$690,000,000 and the credit amount arising from the reduction will be transferred to the Contributed Surplus Account and further that the Directors be authorised to utilise and apply any credit balance in the Contributed Surplus Account in accordance with the Bye-laws and all applicable laws (including the application of any credit balance to set off against accumulated losses of the Company and making distribution out of the Contributed Surplus Account to the Shareholders) as and when the Directors may consider appropriate.

For illustration purpose only, set out below is the Share Premium Account, the Contributed Surplus Account and the Accumulated Losses Account immediately after the Reduction of Share Premium:

	As at 30 April 2016	Immediately after the Reduction of Share Premium
	<i>HK\$</i>	<i>HK\$</i>
Share Premium Account	696,687,836	6,687,836
Contributed Surplus Account	131,128,129	821,128,129
Accumulated Losses Account	(295,224,080)	(295,224,080)

Effect of the Reduction of Share Premium

The Reduction of Share Premium does not involve any reduction in the authorized or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares.

Implementation of the Reduction of Share Premium will not, of itself, affect the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole or the share capital of the Company other than related expenses incurred.

LETTER FROM THE BOARD

Conditions of the Reduction of Share Premium

The Reduction of Share Premium is conditional upon, *inter alia*, the following being fulfilled:

- (i) the passing of a special resolution by the Shareholders to approve the Reduction of Share Premium at the SGM;
- (ii) compliance with of the Companies Act, including (a) the publication of a notice of the Reduction of Share Premium in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and (b) the Board being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Reduction of Share Premium will be unable to pay its liabilities as they become due; and
- (iii) compliance with the relevant legal procedures and requirements under the Listing Rules, the Bye-laws and the law of Bermuda to effect the Reduction of Share Premium.

Subject to the fulfillment of the above conditions, it is expected the Reduction of Share Premium will become effective on the business day immediately following the date of passing of the special resolution to approve the Reduction of Share Premium.

The Distribution

As disclosed in the announcement of the Company dated 19 May 2017 and 22 May 2017, the Board originally decided to make a proposal to the Shareholders for the payment of the proposed special dividend of HK\$0.133 per Share out of the Contributed Surplus Account. Under the Companies Act, the payment out of the contributed surplus to the shareholders should be by making a distribution out of the contributed surplus instead of by payment of dividends. To comply with relevant legal procedures and requirements under the law of Bermuda, the Board decided to:

- (i) withdraw the original proposal for the payment of proposed special dividend; and
- (ii) put forward a proposal to the Shareholders at the SGM for the Distribution (as hereinafter defined).

The Board puts forward a proposal to the Shareholders at the SGM to make a distribution of an amount of HK\$300,083,287.83 (representing HK\$0.133 per Share) out of the Contributed Surplus Account to the Qualifying Shareholders whose names appear on the register of members of the Company on Friday, 21 July 2017 being the Record Date and book closure date for ascertaining the entitlements.

LETTER FROM THE BOARD

Shareholders are reminded that, in order to qualify for the Distribution, properly completed 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 not later than 4:30 p.m. on Thursday, 20 July 2017, for registration.

Conditions of the Distribution

The Distribution is conditional upon, inter alia, the following being fulfilled:

- (i) the passing of a special resolution by the Shareholders to approve the Reduction of Share Premium at the SGM;
- (ii) the passing of an ordinary resolution by the Shareholders to approve the Distribution at the SGM;
- (iii) the Reduction of Share Premium becoming unconditional and effective; and
- (iv) compliance with the relevant legal procedures and requirements under the Listing Rules, the Bye-laws and the law of Bermuda to effect the Distribution.

Subject to both the resolutions relating to the Reduction of Share Premium and the Distribution having been approved by the Shareholders at the SGM, the Distribution is expected to be paid to the Shareholders on or before 15 August 2017.

Reasons for the Reduction of Share Premium

The Company is an investment holding company incorporated in Bermuda. The principal activities of the Group are the manufacture and sale of integrated circuit lead-frames, heatsinks and stiffeners, securities trading and investment holding.

As at 30 April 2016, the Company recorded an audited accumulated loss of HK\$295,224,080. After the Reduction of Share Premium, the Contributed Surplus Account will stand at HK\$821,128,129 and such amount is distributable to the Shareholders under the law of Bermuda. It is proposed that after the Reduction of Share Premium, the Board will, from time to time, apply the necessary amounts in the credit balance of the Contributed Surplus Account to set off against the Accumulated Losses Account. The Board consider that the Reduction of Share Premium provide more flexibility for future distribution plans.

LETTER FROM THE BOARD

Reasons for the Distribution

The Company raised net proceeds of approximately HK\$637 million (the “**Net Proceeds**”) by way of an open offer to issue 1,151,054,435 offer shares on 6 April 2016 and a placing of 875,000,000 new shares on 7 April 2016 (the “**Fundraising**”). The Company originally intended to apply the Net 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**”).

Having considered the delay in acquisition of land, on 14 September 2016, the Company changed the use of part of the Net Proceeds of approximately HK\$227 million to future possible short-term investment opportunities as identified by the Company and then applied it for acquisition of Hong Kong listed equities and subscription of an investment fund (the “**Securities Investment**”). The Company attempted to explore land located in Guangdong province or other places in the Southern China after September 2016 but still no concrete terms were established nor had any legal binding agreements been reached with any potential vendors of land for the construction of new factory. The Board was of the views that the expansion plan by building a new factory to replace its existing factory could not be implemented as intended and terminated the Initial Expansion Plan. On 29 March 2017, the Board changed the proposed use of the remaining part of the Net Proceed to as to i) 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 ii) approximately HK\$210 million for expanding its manufacture and sale of integrated circuit lead-frames, heatsinks and stiffeners, and/or for general working capital, and/or for future possible investment opportunities in relation to the principal business of the Company. As at the Latest Practicable Date, a total of HK\$80 million has been drawdown for the Provision of Loan Facility and will be recoverable within nine months in accordance with the terms of the participation agreement.

Under Rule 14.82 of the Listing Rules, if the assets of a listed issuer consist wholly or substantially of cash or short-dated securities, it will not be regarded as suitable for listing and trading in its securities will be suspended.

The Company received a letter dated 12 May 2017 from the Stock Exchange that it appear 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 has become a cash company and trading in its securities will be suspended under Rule 14.82 of the Listing Rules.

LETTER FROM THE BOARD

It is the Board's intention to take appropriate actions to warrant its listing status. On 19 May 2017, the Board terminated the Provision of Loan Facility, decided to make the Distribution of approximately HK\$300 million to the Shareholders as a reward for their continuing support, and undertook various actions to develop its existing manufacturing business, in particular, (i) installing more advanced environmental protection facilities at the existing factory to fulfill the regulatory framework from the Ministry of the Environmental Protection of the PRC of approximately HK\$12 million, (ii) acquiring various raw materials such as chemicals, copper and silver, as inventories for the manufacture of integrated circuit lead-frames, heatsinks and stiffeners, of approximately HK\$70 million (iii) acquiring a new factory and land in Zhongshan, the PRC in which approximately HK\$40 million will be used for settlement of consideration upon completion, (iv) leasing another new factory and land in Dongguan, the PRC, and (v) acquiring machinery and equipment which constitute the part of the manufacturing process, and replenishing the factories and premises of approximately HK\$150 million (the "**Immediate Expansion Plans**"). In summary, approximately HK\$272 million would be required for the Immediate Expansion Plans and be paid in accordance with the payments schedule as agreed with the respective vendors, tentatively expected to be no more than four months.

The Distribution and the Immediate Expansion Plans will be funded through the cash available after the termination of the Provision of Loan Facility and by liquidating the Securities Investments, if necessary. In addition, the Board expect upon the implementation of the above plans should eliminate the Stock Exchange's concern that the Company will become a cash company.

SGM

The notice convening the SGM is set out on pages 11 to 12 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and deposit it 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 as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Listing Rule 13.39(4), any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of the SGM will be put to the vote by way of a poll.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

GENERAL

The Boards confirms the Reduction of Share Premium and the Distribution will not involve any alteration of the Bye-laws, memorandum of association of the Company or equivalent documents.

The Boards will comply with the relevant legal procedures and requirements under the Listing Rules, the Bye-laws and the law of Bermuda to effect the Reduction of Share Premium and the Distribution.

The English text of this circular shall prevail over the Chinese text.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained herein or this circular misleading.

RECOMMENDATION

The Board considers that the Reduction of Share Premium and the Distribution, are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of each of the resolutions set out in the notice of the SGM.

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

NOTICE OF SPECIAL GENERAL MEETING



QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of QPL International Holdings Limited (the “**Company**”) will be held on Friday, 14 July 2017 at 10:30 a.m. at Portion 2, 12/F, The Center, 99 Queen’s Road Central, Central, Hong Kong for the following purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions, of which resolution numbered 1 will be proposed as a special resolution of the Company and resolution numbered 2 will be proposed as an ordinary resolution of the Company:

SPECIAL RESOLUTION NO. 1

“**THAT** with effect on the business day immediately following the date of passing of this special resolution, or such time or such other date and/or time as the directors of the Company may determine (i) the share premium account of the Company be reduced by HK\$690,000,000 and the credit amount of HK\$690,000,000 arising from the reduction be transferred to the contributed surplus account of the Company (the “**Share Premium Reduction**”); and (ii) the directors of the Company (the “**Directors**”) be and are hereby authorised to utilise and apply any credit balance in the contributed surplus account of the Company (the “**Contributed Surplus Account**”) in accordance with the bye-laws of the Company and all applicable laws (including the application of any credit balance in the Contributed Surplus Account to set off against accumulated losses of the Company and making distribution out of the Contributed Surplus Account to the shareholders of the Company), as and when the Directors may consider appropriate.”

ORDINARY RESOLUTION NO. 2

“**THAT** subject to the Share Premium Reduction becoming effective, a distribution of an amount of HK\$300,083,287.83 (representing HK\$0.133 per share) out of the contributed surplus account of the Company be made to the shareholders of the Company whose names appear on the register of members of the Company as at the close of business on 21 July 2017.”

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

Hong Kong, 16 June 2017

NOTICE OF SPECIAL GENERAL MEETING

Head Office and Principal Place of Business in Hong Kong:

8th Floor, Hale Weal Industrial Building

22-28 Tai Chung Road

Tsuen Wan, New Territories

Hong Kong

Notes:

1. At the date of this notice, 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, one Non-executive Director, namely Mr. Wong Wai Man and three Independent Non-executive Directors, namely Ms. Chung Hoi Yan, Mr. Yau Chi Hang and Mr. Chu Chun On, Franco.
2. In order to be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited 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 not less than 48 hours before the time appointed for holding of the Special General Meeting or any adjournment meeting (as the case may be). A form of proxy for use at the Special General Meeting is enclosed herewith.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. A member entitled to attend and vote at the Special General Meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend the meeting and vote in his stead. A proxy need not be a member of the Company.
5. Where there are joint registered holders of any share, any one of such persons may vote at the Special General Meeting (or at any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
6. At the Special General Meeting (or at any adjournment thereof), the chairman will put each of the above resolutions to the vote by way of a poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The poll results will be published on the website of the Company at www.qpl.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk on 14 July 2017.
7. The register of members of the Company will be closed from 11 July 2017 to 14 July 2017 (both days inclusive), during which period no transfer of shares in the Company shall be registered. In order to qualify for the proposed Special General Meeting, all transfers, accompanied by the relevant share certificates, have to 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, not later than 4:30 p.m. on 10 July 2017.
8. The Chinese translation of this notice is for reference only. In case of any inconsistency, the English version shall prevail.