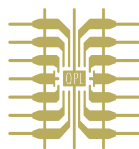


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*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or other securities of the Company.*



## **QPL INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 243)**

### **PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

#### **PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

The Board is pleased to announce that on 16 October 2020, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which, the Subscriber has agreed to subscribe for and the Company has agreed to issue the Convertible Bonds in the principal amount of HK\$9,400,000 at the initial Conversion Price of HK\$0.25 per Conversion Share.

Based on the initial Conversion Price of HK\$0.25 per Conversion Share, a total of 37,600,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The gross proceeds and net proceeds from the issue of the Convertible Bonds will be HK\$9,400,000 and estimated to be approximately HK\$9,380,000 respectively. It is intended that the Company shall utilise the net proceeds from the issue of the Convertible Bonds for the general working capital of the Group.

The Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 30 October 2019.

#### **GENERAL**

The Company shall make an application to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares. No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange.

**Completion of the Subscription is conditional upon, among other things, the listing of and permission to deal in the Conversion Shares being granted by the Listing Committee of the Stock Exchange. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares and other securities of the Company.**

The Board is pleased to announce that on 16 October 2020, the Company and the Subscriber entered into the Subscription Agreement in relation to the Subscription.

## **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT**

**Date:** 16 October 2020

**Parties:** the Company, as issuer; and  
the Subscriber, namely Ms. Hui Sau King Florence, as subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party.

### **The Subscription**

Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe for and the Company has agreed to issue the Convertible Bonds in the principal amount of HK\$9,400,000.

### **Principal terms of the Convertible Bonds**

**Issuer:** the Company

**Principal amount:** HK\$9,400,000

**Interest:** the Convertible Bonds shall bear no interest

**Maturity date:** the date falling on the second anniversary of the date of issue of the Convertible Bonds, provided that if such date is not a Business Day, the Business Day immediately after such date

**Conversion Shares:** based on the initial Conversion Price of HK\$0.25, up to 37,600,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing:

- (i) 20% of the existing issued share capital of the Company; and
- (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price, assuming that there would be no other Shares to be allotted and issued.

- Conversion period:** six months after the date of the issue of the Convertible Bonds up to 4:00 pm (Hong Kong time) immediately prior to and exclusive of the Maturity Date (the “**Conversion Period**”), subject to the terms and conditions of the Convertible Bonds
- Conversion Price:** HK\$0.25 per Conversion Share, subject to the adjustments set out and in accordance with the terms and conditions of the Convertible Bonds
- Adjustment provisions:** the Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events in relation to the Company including but not limited to the following:
- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
  - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);
  - (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
  - (iv) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 90% of the market price (calculation as provided in the Instrument);
  - (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 90% of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 90% of the market price;
  - (vi) an issue being made by the Company wholly for cash of Shares at a price per Share less than 90% of the market price; and
  - (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share less than 90% of the market price.

**Conversion rights:** the holder(s) of the Convertible Bonds shall have the right at any time during the Conversion Period to convert the whole or part (in whole multiples of HK\$500,000) of the outstanding principal amount of the Convertible Bonds registered in its name into Shares at the Conversion Price, unless the principal amount of the outstanding Convertible Bonds is less than HK\$500,000 in which case the whole (but not part only) of such outstanding principal amount of the Convertible Bonds shall be converted, provided that:

- (i) it does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder(s) of the Convertible Bonds which exercised the conversion right and its party(ies) acting in concert as defined under the Takeovers Code; and
- (ii) it will not cause the public float of the Company unable to meet the requirement under the Listing Rules.

**Transferability:** subject to all applicable laws and regulations and prior notification to the Company, the Convertible Bonds may be assigned or transferred in whole or in part (in whole multiples of HK\$500,000) of the principal amount outstanding to any party. The Convertible Bonds is not transferable during the six months commencing from the date of issue of the Convertible Bonds.

**Redemption:**

- (i) on the Maturity Date, the Company shall fully redeem at 100% of any outstanding principal amount of the Convertible Bonds not yet converted
- (ii) the Company may at any time from the date of issue of the Convertible Bonds and before the Maturity Date redeem the Convertible Bonds (in whole or in part)

**Voting rights:** the holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder(s) of the Convertible Bonds

**Listing:**

- (i) no application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange
- (ii) application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares

**Ranking of the Conversion Shares:** the Conversion Shares shall rank *pari passu* with the Shares in issue on the date of such allotment and issue, including the rights to all dividends or other distributions declared, paid or made or to be declared, paid or made for which the record date falls on or after the date of such allotment and issue

### **Conversion Price**

The initial Conversion Price of HK\$0.25 per Conversion Share represents:

- (i) a premium of approximately 26.9% over the closing price of HK\$0.197 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 25.0% over the closing price of HK\$0.200 per Share as quoted on the Stock Exchange on 15 October 2020, being the last trading day immediately prior to the date of the Subscription Agreement; and
- (iii) a premium of approximately 20.8% over the average of the closing price of approximately HK\$0.207 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial Conversion Price have been determined after arm's length negotiations between the Company and the Subscriber with reference to the then prevailing market price of the Shares.

### **Conditions precedent**

Completion of the Subscription is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Subscriber have no reasonable objection) listing of and permission to deal in the Conversion Shares;
- (ii) all necessary consents and approvals required to be obtained on the part of the Company and the Subscriber in respect of the Subscription Agreement and the transactions contemplated hereby having been obtained; and
- (iii) the warranties remaining true, accurate and complete in all material respects and not misleading in any material respect, in each case on or prior to the Completion.

In the event the condition of the Subscription not being fulfilled on or before 16 November 2020 (or such other date as may be agreed by the Company and the Subscriber in writing), all rights, obligations and liabilities of the parties thereunder shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof.

### **Completion**

Completion of the Subscription will take place within four Business Days (or such other date as may be agreed by the Company in writing) after the condition of the Subscription fulfilled.

## **General mandate**

The Conversion Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 30 October 2019 subject to the limit up to 20% of the share capital of the Company in issue on the date of the annual general meeting, which amounts to 451,253,064 ordinary shares of the Company (subject to share consolidation and subdivision). Accordingly, the allotment and issue of the Conversion Shares is not subject to Shareholders' approval. Pursuant to an ordinary resolution passed by the Shareholders at the special general meeting of the Company held on 29 April 2020, every twelve issued and unissued ordinary shares of the Company are consolidated into one consolidated Share in the share capital of the Company. Since the effective of this share consolidation on 5 May 2020, the Company is authorized to allot, issue and otherwise deal with 37,604,422 new Shares under the General Mandate.

As at the date of this announcement, none of the Shares have been issued by the Company under the General Mandate. As such, the 37,600,000 Convertible Shares to be allotted and issued upon exercise of the Convertible Bonds at the initial Conversion Price in full pursuant to the Subscription Agreement will utilise about 99.99% of the General Mandate.

## **USE OF PROCEEDS**

The gross proceeds from the Subscription are approximately HK\$9,400,000 and the net proceeds from the Subscription, after the deduction of the professional and other related expenses, are estimated to be approximately HK\$9,380,000, representing a net issue price of approximately HK\$0.249 per Conversion Share. The Company intends to utilise the net proceeds from the issue of the Convertible Bonds for the general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are (i) the manufacture and sales of electronics, such as integrated circuit leadframes, heatsinks and stiffeners, (ii) securities trading and (iii) investment holding. It is the Group's objective to pursue its existing business and seek opportunities to expand its customer base.

The Subscriber is an experienced businesswoman with over 20 years of experience in the electronics industry of the PRC and Korea. She was also a founder of a reputable electronic factory in the PRC. It is understood by the Company that the Subscriber has excellent marketing network both in the PRC and Korea. Acting as the strategic investor of the Company, the Subscriber will jointly explore any electronic business opportunities in the PRC and Korea with the Company and assist the Company to achieve a more diverse customer base in the future.

The Directors are of the view that the Subscription represents an opportunity for the Group to bring in a strategic investor with solid industry experience. In addition, the Subscription represents an opportunity to raise additional general working capital for the Group. As a result of the foregoing, the Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms and conditions of the Subscription Agreement and the Convertible Bonds (including the Conversion Price) are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

## EFFECTS OF THE FULL CONVERSION OF THE CONVERTIBLE BONDS

The shareholdings in the Company as at the date of this announcement and immediately after conversion in full of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company) at the initial Conversion Price are summarised as follows:

	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (for illustration purpose only)	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Mr. Li Tung Lok ( <i>note</i> )	5,755,271	3.06	5,755,271	2.55
The Subscriber	–	–	37,600,000	16.67
Public Shareholders	182,266,839	96.94	182,266,839	80.78
Total	<u>188,022,110</u>	<u>100.00</u>	<u>225,622,110</u>	<u>100.00</u>

*Note:*

Mr. Li Tung Lok, an executive Director, had personal interests in 5,292,960 Shares, family interests in 75,000 Shares and corporate interests in 387,311 Shares

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

## GENERAL

The Company shall make an application to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares. No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange.

**Completion of the Subscription is conditional upon, among other things, the listing of and permission to deal in the Conversion Shares being granted by the Listing Committee of the Stock Exchange. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares and other securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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)
“Completion”	completion of the Subscription
“Conversion Price”	HK\$0.25 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	the Share(s) which may be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	the zero coupon convertible bonds to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 30 October 2019 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any of the directors, chief executives or substantial shareholders of the Company or subsidiaries of the Company or any of their respective associates



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the second anniversary of the date of issue of the Convertible Bonds
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ms. Hui Sau King Florence, an Independent Third Party, being the subscriber of the Convertible Bonds
“Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 16 October 2020 entered into between the Company and the Subscriber in relation to the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs as amended from time to time and approved by the Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**QPL International Holdings Limited**  
**Tung Siu Ching**  
*Executive Director*

Hong Kong, 16 October 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. Lai Sau Him 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.*