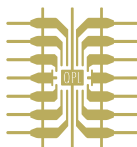


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QPL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 243)

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2023

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 2023 together with the comparative figures for the year ended 30 April 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2023

| | <i>NOTES</i> | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue | 3 | 312,928 | 488,048 |
| Raw materials and consumables used | | (148,445) | (252,405) |
| Changes in inventories of finished goods and work in progress | | (5,715) | (4,238) |
| Other income | 4 | 28,900 | 11,839 |
| Exchange loss, net | | (843) | (473) |
| Net fair value (loss)/gain on financial asset at fair value through profit or loss ("FVTPL") | | (27,261) | 17,121 |
| Realised gain on disposal of financial asset at FVTPL | | 67 | 581 |
| Reversal of/(allowance for) expected credit losses ("ECL") on trade receivables | | 5,031 | (7,557) |
| Allowance for ECL on loan receivables | | (14,513) | (7,809) |
| Allowance for ECL on bond receivables | | (2,623) | (241) |
| Reversal of ECL on other receivables | | 2 | – |
| Other gains and losses | 4 | 2,904 | (1,437) |
| Staff costs | | (104,812) | (126,030) |
| Depreciation of property, plant and equipment | | (10,041) | (9,919) |
| Depreciation of right-of-use assets | | (11,854) | (11,958) |
| Other expenses | | (55,520) | (83,187) |
| Finance costs | 5 | (1,784) | (1,507) |
| (Loss)/profit before taxation | | (33,579) | 10,828 |
| Taxation | 6 | (740) | (726) |
| (Loss)/profit for the year | 7 | (34,319) | 10,102 |
| Other comprehensive income for the year: <i>Item that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | (1,486) | (2,005) |
| Total comprehensive (expense)/income for the year | | (35,805) | 8,097 |
| (Loss)/earnings per share | 9 | | |
| Basic | | <u>HK(13.30) cents</u> | <u>HK4.70 cents</u> |
| Diluted | | <u>HK(13.30) cents</u> | <u>HK4.01 cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 APRIL 2023

| | <i>NOTES</i> | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current asset | | | |
| Property, plant and equipment | | 126,654 | 130,557 |
| Right-of-use assets | | 5,657 | 18,243 |
| | | <u>132,311</u> | <u>148,800</u> |
| Current assets | | | |
| Inventories | | 87,453 | 97,514 |
| Trade and other receivables | <i>10</i> | 66,358 | 120,615 |
| Deposits and prepayments | | 4,210 | 4,906 |
| Financial asset at FVTPL | | 80,663 | 91,397 |
| Loan receivables | <i>11</i> | 68,923 | 59,677 |
| Bond receivables | | 19,611 | 20,934 |
| Bank balances and cash | | 70,232 | 85,776 |
| | | <u>397,450</u> | <u>480,819</u> |
| Current liabilities | | | |
| Trade and other payables | <i>12</i> | 16,630 | 43,382 |
| Deposits and accrued expenses | | 64,621 | 59,406 |
| Contract liabilities | | 1,573 | 1,626 |
| Tax payable | | 736 | 1,126 |
| Other borrowings | | 15,628 | 55,021 |
| Bank borrowings | | 36,860 | 38,373 |
| Lease liabilities | | 5,835 | 13,436 |
| | | <u>141,883</u> | <u>212,370</u> |
| Net current assets | | <u>255,567</u> | <u>268,449</u> |
| Total assets less current liabilities | | <u>387,878</u> | <u>417,249</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 443 | 6,749 |
| | | <u>443</u> | <u>6,749</u> |
| Net assets | | <u>387,435</u> | <u>410,500</u> |
| Capital and reserves | | | |
| Share capital | | 2,887 | 2,256 |
| Share premium and reserves | | 384,548 | 408,244 |
| Equity attributable to owners of the Company | | <u>387,435</u> | <u>410,500</u> |

NOTES:

1. BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance.

The Group's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

(a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 May 2022 as mentioned below.

| | |
|--------------------------------------|---|
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Annual Improvements Project | Annual Improvements to HKFRS Standards 2018-2020 |
| Amendments to Accounting Guideline 5 | Merger Accounting Guideline 5 Merger Accounting for Common Control Combinations |

The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior years.

(b) New and amendments to HKFRSs issued but are not yet effective

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. These new and revised HKFRSs include the following which may be relevant to the Group:

| | Effective for accounting periods beginning on or after |
|--|---|
| Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to HKAS 1 – Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to HKAS 8 – Definition of Accounting Estimates | 1 January 2023 |
| Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction | 1 January 2023 |
| Amendments to HKFRS 17 – Insurance contracts | 1 January 2023 |
| Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback | 1 January 2024 |
| Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |
| Hong Kong Interpretation 5 (Revised) – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2024 |

The Group has already commenced an assessment of the impact of these new and revised HKFRSs. So far it has concluded that the adoption of them is unlikely to have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENTAL INFORMATION

Revenue

Revenue represents the amounts received and receivables for goods sold by the Group to external customers less sales returns and discounts. All revenue contracts are for period of one year or less, and therefore, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. All revenue were recognised at point in time.

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.

In accordance with the way information is internally reported to the CODM for resources allocation and assess segment performance based on the location of customers, the Group has identified eight reportable segments on a geographical basis. 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 from contracts with customers within the scope of HKFRS 15 and results by reportable segment:

| | Revenue | | Segment results | |
|--|------------------|------------------|------------------|------------------|
| | 2023 HK\$’000 | 2022 HK\$’000 | 2023 HK\$’000 | 2022 HK\$’000 |
| The USA | 32,487 | 60,315 | 2,205 | 3,742 |
| Hong Kong | 1,800 | 1,767 | 122 | 110 |
| Europe | 33,448 | 52,679 | 2,271 | 3,269 |
| The PRC | 82,582 | 137,233 | 5,606 | 8,515 |
| Philippines | 26,356 | 29,118 | 1,789 | 1,807 |
| Malaysia | 118,473 | 162,760 | 8,042 | 10,099 |
| Singapore | 6,288 | 7,540 | 427 | 468 |
| Thailand | 6,089 | 31,814 | 413 | 1,973 |
| Reportable segment total | 307,523 | 483,226 | 20,875 | 29,983 |
| Other countries | 9,844 | 9,496 | 668 | 589 |
| | 317,367 | 492,722 | 21,543 | 30,572 |
| Eliminations | (4,439) | (4,674) | – | – |
| Revenue to external customers and segment results | <u>312,928</u> | <u>488,048</u> | <u>21,543</u> | <u>30,572</u> |
| Net gain on disposal of property, plant and equipment | | | 115 | 94 |
| Net gain on disposal of right-of-use assets | | | 103 | – |
| Net fair value (loss)/gain on financial asset at FVTPL | | | (27,261) | 17,121 |
| Realised gain on disposal of financial asset at FVTPL | | | 67 | 581 |
| Depreciation of property, plant and equipment | | | (10,041) | (9,919) |
| Depreciation of right-of-use assets | | | (11,854) | (11,958) |
| Unallocated interest income | | | 8,433 | 3,328 |
| Unallocated corporate expenses | | | (12,900) | (17,484) |
| Finance costs | | | (1,784) | (1,507) |
| (Loss)/profit before taxation | | | <u>(33,579)</u> | <u>10,828</u> |

3. REVENUE AND SEGMENTAL INFORMATION – continued

Segmental information – continued

Segment revenues and results – continued

Included in the PRC reportable segments are revenue from inter-segments of approximately HK\$4,439,000 (2022: HK\$4,674,000).

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment profit represents the profit from each segment without allocation of corporate expenses which include directors' remuneration, depreciation expenses, net gain on disposal of property, plant and equipment, net gain on disposal of right-of-use assets, net fair value gain/(loss) on financial asset at FVTPL, realised gain on disposal of financial asset at FVTPL, equity-settled share-based payment expenses, interest income and finance costs. This is the measure reported to the chief operating decision maker ("CODM") for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets

The following is an analysis of the Group's assets by reportable segment:

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| The USA | 920 | 8,269 |
| Hong Kong | 266 | 386 |
| Europe | 5,684 | 15,867 |
| The PRC | 13,962 | 26,563 |
| Philippines | 8,953 | 3,746 |
| Malaysia | 28,172 | 47,730 |
| Singapore | 1,480 | 1,104 |
| Thailand | 644 | 9,079 |
| | <hr/> | <hr/> |
| Reportable segment total | 60,081 | 112,744 |
| Other countries | 1,090 | 4,639 |
| | <hr/> | <hr/> |
| | 61,171 | 117,383 |
| Unallocated | | |
| Property, plant and equipment | 126,654 | 130,557 |
| Right-of-use assets | 5,657 | 18,243 |
| Inventories | 87,453 | 97,514 |
| Financial asset at FVTPL | 80,663 | 91,397 |
| Other receivables | 5,187 | 3,232 |
| Loan receivables | 68,923 | 59,677 |
| Bond receivables | 19,611 | 20,934 |
| Bank balances and cash | 70,232 | 85,776 |
| Deposits and prepayments | 4,210 | 4,906 |
| | <hr/> | <hr/> |
| Consolidated total assets | <u>529,761</u> | <u>629,619</u> |

3. REVENUE AND SEGMENTAL INFORMATION – continued

Segmental information – 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, right-of-use assets, financial asset at FVTPL, inventories, other receivables, loan receivables, bond 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 resources allocation and performance assessment.

Geographical information by location of assets

The Group's non-current assets of approximately HK\$31,846,000 (2022: HK\$41,442,000) are located in the PRC and approximately HK\$100,465,000 (2022: HK\$107,358,000) are located in Hong Kong based on physical location of assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|-----------------------|-------------------------|-------------------------|
| Customer A – The USA | –* | 48,943 |
| Customer B – Europe | –* | 47,357 |
| Customer C – Malaysia | 98,212 | 92,287 |
| Customer D – The PRC | <u>32,604</u> | <u>57,106</u> |

* The customers contributed less than 10% of the total revenue of the group.

Information about major products

The Group is solely engaged in the manufacture and sale of leadframes, including integrated circuit leadframes, heatsinks, stiffeners and related products. Since the information on revenue from external customers for each product and service is not regularly reviews by the CODM, no information related to major products could be disclosed.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Other income | | |
| Sales of by-products and scrap | 16,411 | 5,604 |
| Bank interest income | 184 | 24 |
| Interest income from loan receivables | 6,948 | 2,129 |
| Interest income from bond receivables | 1,300 | 1,175 |
| Rental income | 1,825 | 1,614 |
| Government grants (<i>Note</i>) | 744 | – |
| Sundry income | 1,488 | 1,293 |
| | <u>28,900</u> | <u>11,839</u> |
| Other gains and losses | | |
| Net gain on disposal of property, plant and equipment | 115 | 94 |
| Net gain on disposal of right-of-use assets | 103 | – |
| Reversal of/(allowance for) impairment on inventories | 2,686 | (1,531) |
| | <u>2,904</u> | <u>(1,437)</u> |

Note: During the year ended 30 April 2023, the Group recognised government grant of approximately HK\$744,000 (2022: HK\$Nil) in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong government.

5. FINANCE COSTS

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|-------------------|-------------------------|-------------------------|
| Interest on: | | |
| Lease liabilities | 621 | 1,210 |
| Bank borrowings | 1,163 | 297 |
| | <u>1,784</u> | <u>1,507</u> |

6. TAXATION

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|---------------------------|-------------------------|-------------------------|
| The charge comprises: | | |
| Current tax: | | |
| PRC Enterprise Income Tax | 740 | 726 |
| | <u>740</u> | <u>726</u> |

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 two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations established in Hong Kong will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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.

7. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging the following items:

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Directors' emolument, including equity-settled share-based payment expense | 3,687 | 3,251 |
| Salaries and allowances of other staffs | 91,821 | 112,756 |
| Contributions to retirement benefit scheme contributions of other staffs | 9,304 | 10,023 |
| | <u>104,812</u> | <u>126,030</u> |
| Repair and maintenance expenses* | 19,873 | 33,210 |
| Electricity and water charges, and fuel expenses* | 22,967 | 26,842 |
| Auditors' remuneration | 600 | 600 |
| Expenses relating to short-term leases | 496 | 641 |
| Depreciation of property, plant and equipment | 10,041 | 9,919 |
| Depreciation of right-of-use assets | 11,854 | 11,958 |
| Net foreign exchange loss | 843 | 473 |

* Included in Other expenses

8. DIVIDEND

No dividend was paid or proposed during the year ended 30 April 2023 (2022: Nil). The directors of the Company do not recommend the payment of a dividend for the year ended 30 April 2023 (2022: Nil).

9. (LOSS)/EARNING PER SHARE

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

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| (Loss)/profit for the year attributable to the owners of the Company for the purposes of basic and diluted loss per share | <u>(34,319)</u> | <u>10,102</u> |
| Weighted average number of ordinary shares for the purposes of calculating basic (loss)/earnings per share | 258,130,057 | 215,160,402 |
| Effect of dilutive potential ordinary shares arising from share options issued by the Company | <u>–</u> | <u>36,720,000</u> |
| Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share | <u>258,130,057</u> | <u>251,880,402</u> |

For the year ended 30 April 2023, there is an anti-dilutive effect on the Company's 5,225,832 (2022: 5,255,832) share option, and therefore they are not included in the calculation of the diluted loss per share (2022: diluted earnings per share).

10. TRADE AND OTHER RECEIVABLES

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|-------------------------|-------------------------|-------------------------|
| Trade receivables | 66,013 | 127,256 |
| Less: Allowance for ECL | <u>(4,842)</u> | <u>(9,873)</u> |
| | 61,171 | 117,383 |
| Other receivables | 5,233 | 3,280 |
| Less: Allowance for ECL | <u>(46)</u> | <u>(48)</u> |
| | <u>66,358</u> | <u>120,615</u> |

At 30 April 2023 and 2022, the trade receivables were denominated in USD.

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 ECL presented based on the invoice date at the end of the reporting period:

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|------------------------|-------------------------|-------------------------|
| Within 30 days | 20,826 | 45,298 |
| Between 31 and 60 days | 23,505 | 40,134 |
| Between 61 and 90 days | 11,940 | 19,097 |
| Over 90 days | 4,900 | 12,854 |
| | <u>61,171</u> | <u>117,383</u> |

11. LOAN RECEIVABLES

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| Fixed-rate loan receivables | 98,221 | 74,462 |
| Less: Allowance for ECL | (29,298) | (14,785) |
| | <u>68,923</u> | <u>59,677</u> |

The loan receivables were repaid in accordance with the terms of the loan agreements and all loan receivables are recoverable within one year. As at 30 April 2023, no loan receivables were past due (2022: HK\$Nil).

12. TRADE AND OTHER PAYABLES

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

| | 2023 <i>HK\$'000</i> | 2022 <i>HK\$'000</i> |
|------------------------|-------------------------|-------------------------|
| Trade payables | | |
| Within 30 days | 6,100 | 12,441 |
| Between 31 and 60 days | 3,658 | 11,629 |
| Between 61 and 90 days | 1,993 | 3,207 |
| Over 90 days | 2,699 | 9,585 |
| | <u>14,450</u> | <u>36,862</u> |
| Other payables | 2,180 | 6,520 |
| | <u>16,630</u> | <u>43,382</u> |

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the fiscal year under review, the Group reported a turnover of HK\$312.93 million, representing a decrease of 35.88% as compared with HK\$488.05 million for the previous year. The Group's consolidated loss for the year amounted to HK\$34.32 million as compared with a consolidated profit of HK\$10.10 million for the previous year. Basic and diluted loss per share was HK\$13.30 cents and HK\$13.30 cents respectively (2022: Earning of HK\$4.70 cents and HK\$4.01 cents respectively). Recurring EBITDA, computed as loss before tax excluding net fair value loss on financial asset at FVTPL, realised gain on disposal of financial asset at FVTPL, depreciation and finance cost, amounted to a EBITDA of HK\$17.29 million (2022: Recurring EBITDA, computed as profit before tax excluding net fair value gain on financial asset at FVTPL, realised gain on disposal of financial asset at FVTPL, depreciation and finance cost, amounted to a EBITDA of HK\$16.51 million).

Dividend

The Directors do not recommend the payment of a dividend for the year (2022: nil).

Business Review

During the year under review, the Group faced many challenges in the tough business environment and recorded a decrease in turnover by 35.88% to HK\$312.93 million (2022: HK\$488.05 million) during the year.

During the year, staff costs decreased by 16.83% to HK\$104.81 million (2022: HK\$126.03 million) representing 33.49% (2022: 25.82%) of the Group's turnover. Other expenses, mainly included factory operating costs, and selling and administrative expenses, such as repair and maintenance expenses of HK\$19.87 million (2022: HK\$33.21 million), electricity and water charges, and fuel expenses of HK\$22.97 million (2022: HK\$26.84 million), transportation expenses of HK\$0.45 million (2022: HK\$1.75 million), advertising and promotion expenses of HK\$5.02 million (2022: HK\$3.01 million), business entertainment expenses of HK\$1.60 million (2022: HK\$3.04 million), and legal and professional fee of HK\$3.65 million (2022: HK\$3.4 million), decreased by 33.26% to HK\$55.52 million (2022: HK\$83.19 million) representing 17.74% (2022: 17.04%) 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 potential impact of increasing factory operating costs, and selling and administrative expenses.

Besides, the financial results of the Group during the year under review were also affected by the net fair value loss on financial asset at FVTPL of HK\$27.26 million. The net fair value loss on financial asset at FVTPL mainly comprised of the fair value loss on investment in listed equity securities of SunCorp Technologies Limited (“STL”) (approximately HK\$8.53 million), Luxxu Group Limited (“LGL”) (approximately HK\$5.02 million), China Investment and Finance Group Limited (“CIF”) (approximately HK\$3.08 million) and the fair value gain on investment in listed equity security of WLS Holdings Limited (“WLS”) (approximately HK\$3.17 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.

Significant Investments

As at 30 April 2023, the financial asset at FVTPL held by the Group were approximately HK\$80.66 million (2022: HK\$91.40 million). Details of the financial asset at FVTPL held by the Group were as follows:

| | As at 30 April 2023 | | As at 30 April 2022 |
|--|------------------------|---|------------------------|
| Financial asset at FVTPL | Fair value HK\$’000 | Approximately percentage to the total asset | Fair value HK\$’000 |
| Listed equity securities | | | |
| WLS | 32,448 | 6.12% | 29,258 |
| STL | 10,170 | 1.92% | 18,276 |
| Harbour Digital Asset Capital Limited (“HDA”) | 5,510 | 1.04% | 7,885 |
| CIF | 5,059 | 0.95% | 7,104 |
| LGL | 1,426 | 0.27% | 6,445 |
| Other listed equity securities (Note 1) | 26,050 | 4.92% | 22,429 |
| Total | 80,663 | 15.22% | 91,397 |

Note:

1. As at 30 April 2023, other listed equity securities comprised 20 listed equity securities and none of them was more than 1% of the total assets of the Group.

WLS, STL, HDA, CIF and LGL are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Except the Group held approximately 636.2 million shares (approximately 4.4%) of WLS, as at 30 April 2023, there was no investment held by the Group the value of which was more than 5% of the total assets of the Group. The total investment cost in WLS was approximately HK\$11.95 million and, for the year ended 30 April 2023, the Group recorded the fair value gain on investment in WLS of approximately HK\$3.17 million. The major activities of WLS are the provision of scaffolding, fitting out and other auxiliary services for construction and buildings work, money lending business and assets management business. Based on WLS’s annual report for the year ended 30 April 2023, turnover and loss of WLS were approximately HK\$145.96 million and HK\$105.29 million respectively. The major activities of STL are engaged in the processing and trading of used computer-related components such as integrated circuit chips, hard-disk and motherboards from developed countries to developing countries; providing money lending business; securities brokerage and underwriting business; and sales of clothes and beauty products business. The major activities of HDA are engaged in listed investments in Hong Kong, main stock markets around the world, and also in unlisted companies. The major activities of CIF are trading of securities and investment holding. The major activities of LGL are engaged in the manufacture and sales of own-branded watches and jewellerys, including but not limited to diamond watches, tourbillon watches and luxury jewellery accessories, OEM watches and third-party watches.

The Directors considered that the future prospects of the financial asset at FVTPL held by the Group may be affected by external market conditions. The Group will continue to maintain a diversified investment portfolio and closely monitor and assess the Group’s investment.

Raising of Funds and Use of Proceeds

On 24 October 2022, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to place up to 45,124,422 placing shares at a price of HK\$0.20 per placing share (the “Placing”). The placing shares were allotted and issued on 10 November 2022. Net proceeds from the Placing was approximately HK\$8.7 million (the “Net Proceeds”) which was intended to be applied for upgrading and renovating the Group’s existing property, plant and equipment, and for general working capital of the Group. As at 30 April 2023, the Net Proceeds were fully utilised as intended.

Capital Structure, Liquidity and Financial Resources

The Group generally financed its operations by internal cash resources and bank financing. Except for 18,000,000 ordinary shares of HK\$0.01 each were issued in relation to share options exercised under the share option scheme of the Company at the exercise price of HK\$0.219 on 15 September 2022 and for 45,124,422 ordinary shares of HK\$0.01 each were issued in relation to the Placing, there has been no material change in the capital structure of the Group since 30 April 2022.

As at 30 April 2023, the Group's bank balances and cash amounted to HK\$70.23 million (2022: HK\$85.78 million). To finance its working capital, the Group has incurred total outstanding debts of HK\$58.77 million as at 30 April 2023 (2022: HK\$113.58 million), which comprised HK\$36.86 million (2022: HK\$38.37 million) of collateralised bank borrowings, HK\$6.28 million (2022: HK\$20.19 million) of lease liabilities and HK\$15.63 million (2022: HK\$55.02 million) of amount due to a director. In terms of interest costs, included in the outstanding debts, HK\$43.14 million (2022: HK\$58.56 million) was interest bearing and HK\$15.63 million (2022: HK\$55.02 million) was interest free.

The gearing ratio was 15.17% as at 30 April 2023 (2022: 27.6%).

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 2023 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 2023, leasehold properties with a carrying amount of approximately HK\$97.18 million (2022: HK\$101.17 million) were pledged to secure bank borrowings granted to the Group. As at 30 April 2023, motor vehicles with a carrying amount of approximately HK\$729,000 (2022: HK\$1,447,000) were assets held under lease liabilities.

Capital Expenditure

During the year ended 30 April 2023, the Group invested HK\$8.75 million (2022: HK\$16.75 million) in acquiring property, plant and equipment. This capital expenditure was financed from internal financial resources and the Placing.

Employees and Emolument Policy

As at 30 April 2023, the total number of employees of the Group was approximately 870 (2022: 1,049). 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 (the “QPL Code”) incorporating the principles and code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules on the Stock Exchange.

During the year ended 30 April 2023, 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 C.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.

Appointment, Retirement and Re-Election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the bye-laws of the Company, half of the Directors (excluding Director(s) holding office as executive chairman and/or managing director, who is/are, by virtue of Bermuda law, exempted from retirement by rotation) shall retire from office at each annual general meeting of the Company and shall be eligible for re-election. As the executive Chairman of the Board, Mr. Li Tung Lok is not subject to retirement by rotation. In order to comply with Code provision B.2.2, Mr. Li Tung Lok has agreed to voluntarily retire and be re-elected at least once every three years. At the annual general meeting of the Company held on 28 October 2021, Mr. Li Tung Lok retired from office and was re-elected as an executive Director.

AUDIT COMMITTEE

The Audit Committee was established in April 2000. As at 30 April 2023, 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. Liu Rongrui. 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 2023 has been reviewed by the Audit Committee.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 April 2023 of the Group as set out in the announcement have been agreed by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on the announcement.

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 2023 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, 31 July 2023

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.