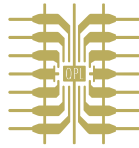


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## **QPL INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 243)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2021**

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 2021 together with the comparative figures for the year ended 30 April 2020 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 30 APRIL 2021*

	<i>NOTES</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	<b>368,321</b>	274,577
Raw materials and consumables used		<b>(169,164)</b>	(127,334)
Changes in inventories of finished goods and work in progress		<b>7,702</b>	4,043
Other income	4	<b>10,057</b>	7,691
Exchange (loss)/gain net		<b>(9,767)</b>	3,751
Net fair value gain/(loss) on financial asset at fair value through profit or loss ("FVTPL")		<b>7,982</b>	(11,379)
Fair value loss on derivative financial instruments		<b>(696)</b>	–
Realised gain/(loss) on disposal of financial asset at FVTPL		<b>212</b>	(2,066)
Other gains and losses	4	<b>(6,486)</b>	(706)
Staff costs		<b>(105,579)</b>	(79,268)
Equity-settled share-based payment expense		<b>(2,582)</b>	–
Impairment of property, plant and equipment		<b>–</b>	(24,739)
Depreciation of property, plant and equipment		<b>(8,127)</b>	(12,131)
Depreciation of right-of-use assets		<b>(10,788)</b>	(15,738)
Other expenses		<b>(90,872)</b>	(82,071)
Finance costs	5	<b>(2,058)</b>	(1,967)
Loss before taxation		<b>(11,845)</b>	(67,337)
Taxation	6	<b>(360)</b>	(808)
Loss for the year	7	<b>(12,205)</b>	(68,145)
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		<b>1,259</b>	655
Total comprehensive expense for the year		<b>(10,946)</b>	(67,490)
Loss per share	9		
Basic and diluted		<b>(HK6.49 cents)</b>	(HK36.24 cents)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 APRIL 2021**

	<i>NOTES</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current asset</b>			
Property, plant and equipment		<b>128,035</b>	126,783
Right-of-use assets		<b>30,169</b>	33,856
		<u><b>158,204</b></u>	<u>160,639</u>
<b>Current assets</b>			
Inventories		<b>69,393</b>	48,639
Trade and other receivables	<i>10</i>	<b>98,658</b>	71,588
Deposits and prepayments		<b>22,112</b>	21,600
Financial asset at FVTPL		<b>61,023</b>	42,870
Loan receivables	<i>11</i>	<b>14,097</b>	20,239
Bank balances and cash		<b>187,724</b>	154,892
		<u><b>453,007</b></u>	<u>359,828</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>36,155</b>	20,233
Deposits and accrued expenses		<b>53,607</b>	38,068
Contract liabilities		<b>1,623</b>	1,539
Tax payable		<b>903</b>	685
Other borrowings		<b>43,459</b>	22,022
Bank borrowings		<b>39,878</b>	–
Lease liabilities		<b>12,858</b>	11,035
		<u><b>188,483</b></u>	<u>93,582</u>
<b>Net current assets</b>		<u><b>264,524</b></u>	<u>266,246</u>
<b>Total assets less current liabilities</b>		<u><b>422,728</b></u>	<u>426,885</u>
<b>Non-current liability</b>			
Lease liabilities		<b>20,325</b>	26,598
Convertible bonds		<b>8,069</b>	–
Derivative financial instruments		<b>2,411</b>	–
		<u><b>30,805</b></u>	<u>26,598</u>
<b>Net assets</b>		<u><b>391,923</b></u>	<u>400,287</u>
<b>Capital and reserves</b>			
Share capital		<b>1,880</b>	180,501
Share premium and reserves		<b>390,043</b>	219,786
<b>Equity attributable to owners of the Company</b>		<u><b>391,923</b></u>	<u>400,287</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 ("HKFRSs")**

**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 May 2020 for the preparation of the consolidated financial statements.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – continued

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 16	COVID-19-Related Rent Concessions <sup>4</sup>
Amendments to HKFRS 3	Reference to Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 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, 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. Accordingly, the Group does not have separate reportable segments.

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

### 3. REVENUE AND SEGMENTAL INFORMATION – continued

#### Segmental information – continued

##### Segment revenues and results

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

	Revenue		Segment results	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
The USA	27,933	33,156	1,411	2,013
Hong Kong	1,181	1,480	67	84
Europe	40,427	36,244	2,634	2,362
The PRC	138,598	94,525	3,023	2,403
Philippines	14,278	5,428	762	404
Malaysia	117,203	62,730	6,760	4,119
Singapore	2,509	3,262	255	332
Thailand	15,291	19,793	901	1,425
Reportable segment total	357,420	256,618	15,813	13,142
Other countries	14,808	21,853	850	1,243
	372,228	278,471	16,663	14,385
Eliminations	(3,907)	(3,894)	-	-
Revenue to external customers and segment results	<u>368,321</u>	<u>274,577</u>	16,663	14,385
Net gain on disposal of property, plant and equipment			-	27
Net gain on disposal of right-of-use assets			-	105
Impairment of property, plant and equipment			-	(24,739)
Net fair value gain/(loss) on financial asset at FVTPL			7,982	(11,379)
Fair value loss on derivative financial instruments			(696)	-
Realised gain/(loss) on disposal of financial asset at FVTPL			212	(2,066)
Equity-settled share-based payment expenses			(2,582)	-
Depreciation of property, plant and equipment			(8,127)	(12,131)
Depreciation of right-of-use assets			(10,788)	(15,738)
Unallocated interest income			1,671	1,648
Unallocated corporate expenses			(14,122)	(15,482)
Finance costs			(2,058)	(1,967)
Loss before taxation			<u>(11,845)</u>	<u>(67,337)</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\$3,907,000 (2020: HK\$3,894,000).

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, impairment of property, plant and equipment, net fair value gain/(loss) on financial asset at FVTPL, fair value loss on derivative financial instruments, realised gain/(loss) 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:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
The USA	6,615	9,035
Hong Kong	393	488
Europe	9,248	6,236
The PRC	46,522	30,177
Philippines	3,105	955
Malaysia	22,924	16,766
Singapore	595	719
Thailand	2,111	2,422
	<hr/>	<hr/>
Reportable segment total	91,513	66,798
Other countries	2,013	2,548
	<hr/>	<hr/>
	93,526	69,346
Unallocated		
Property, plant and equipment	128,035	126,783
Right-of-use assets	30,169	33,856
Inventories	69,393	48,639
Financial asset at FVTPL	61,023	42,870
Other receivables	5,132	2,242
Loan receivables	14,097	20,239
Bank balances and cash	187,724	154,892
Deposits and prepayments	22,112	21,600
	<hr/>	<hr/>
Consolidated total assets	<u>611,211</u>	<u>520,467</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, 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\$46,462,000 (2020: HK\$50,154,000) are located in the PRC and approximately HK\$111,742,000 (2020: HK\$110,485,000) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A – The USA	–*	27,796
Customer B – Europe	<b>37,797</b>	32,827
Customer C – Malaysia	<b>64,926</b>	41,724
Customer D – The PRC	<b>63,899</b>	32,599

\* 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 available, no information related to major products could be disclosed.



#### 4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other income</b>		
Sales of by-products and scrap	5,162	2,178
Bank interest income	94	141
Interest income from loan receivables	1,577	1,507
Rental income	1,128	2,470
Government grants ( <i>Note</i> )	1,894	–
Sundry income	202	1,395
	<u>10,057</u>	<u>7,691</u>
<b>Other gains and losses</b>		
Net gain on disposal of property, plant and equipment	–	27
Net gain on disposal of right-of-use assets	–	105
Allowance for expected credit losses (“ECL”) on trade receivables	(1,383)	(750)
Allowance for expected credit losses on loan receivables	(5,055)	(912)
Allowance for/(reversal of allowance for) expected credit losses on other receivables	(48)	824
	<u>(6,486)</u>	<u>(706)</u>

*Note:* During the current year, the Group recognised government grant of approximately HK\$1,894,000 in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong government.

#### 5. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on:		
Lease liabilities	1,559	1,967
Bank borrowings	98	–
Convertible bonds	401	–
	<u>2,058</u>	<u>1,967</u>

## 6. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
Over-provision in prior years	(20)	–
PRC Enterprise Income Tax	<u>380</u>	<u>808</u>
	<u><u>360</u></u>	<u><u>808</u></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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations 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 FOR THE YEAR

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Directors' emolument	2,780	2,687
Salaries and allowances of other staffs	99,157	71,481
Contributions to retirement benefit scheme contributions of other staffs	3,642	5,100
	<b>105,579</b>	79,268
Repair and maintenance expenses*	28,474	23,625
Electricity and water charges, and fuel expenses*	23,690	21,355
Auditors' remuneration	870	850
Expenses relating to short-term leases	653	595
Depreciation of property, plant and equipment	8,127	12,131
Depreciation of right-of-use assets	10,788	15,738
Impairment of property, plant and equipment	–	24,739
Net foreign exchange loss/(gain)	9,767	(3,751)
Equity-settled share-based payment expense	2,582	–

\* Included in other expenses

## 8. DIVIDEND

No dividend was paid or proposed during the year ended 30 April 2021 (2020: Nil). The directors of the Company do not recommend the payment of a dividend for the year ended 30 April 2021 (2020: Nil).

## 9. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to the owners of the Company for the purposes of basic and diluted loss per share	<b>(12,205)</b>	(68,145)
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	<b>188,022,110</b>	188,022,110

The calculation of the basic and diluted loss per share amount is based on the loss for the year attributable to owners of the Company of HK\$12,205,000 (2020: HK\$68,145,000) and the weighted average of 188,022,110 ordinary shares (2020: 188,022,110) in issue during the year as adjusted to reflect the effect of the share consolidation. The share consolidation of every twelve issued shares of a par value of HK\$0.08 each in the issued share capital of the Company be consolidated into one share of par value of HK\$0.96 each was effective on 5 May 2020. Comparative figures have also been adjusted on the assumption that the share consolidation had been effective in the prior period.

For the years ended 30 April 2021, the effect of the Company's share option and convertible bonds was anti-dilutive and was therefore not included in the calculation of the diluted loss per share.

For the years ended 30 April 2020, the effect of the Company's share option was anti-dilutive and was therefore not included in the calculation of the diluted loss per share.

## 10. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	95,842	70,279
Less: Allowance for ECL	<u>(2,316)</u>	<u>(933)</u>
	93,526	69,346
Other receivables	5,180	2,242
Less: Allowance for ECL	<u>(48)</u>	<u>–</u>
	<u><u>98,658</u></u>	<u><u>71,588</u></u>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	39,357	28,505
Between 31 and 60 days	33,845	25,096
Between 61 and 90 days	7,897	5,347
Over 90 days	<u>12,427</u>	<u>10,398</u>
	<u><u>93,526</u></u>	<u><u>69,346</u></u>

## 11. LOAN RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fixed-rate loan receivables	21,073	22,160
Less: Allowance for ECL	<u>(6,976)</u>	<u>(1,921)</u>
	<u><b>14,097</b></u>	<u><b>20,239</b></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 2021, none of the loan receivables were past due (2020: 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables		
Within 30 days	14,578	8,513
Between 31 and 60 days	9,969	6,328
Between 61 and 90 days	4,769	2,369
Over 90 days	<u>6,839</u>	<u>3,002</u>
	36,155	20,212
Other payables	<u>-</u>	<u>21</u>
	<u><b>36,155</b></u>	<u><b>20,233</b></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\$368.32 million, representing an increase of 34.14% as compared with HK\$274.58 million for the previous year. The Group's consolidated loss for the year amounted to HK\$12.21 million as compared with a consolidated loss of HK\$68.15 million for the previous year. Basic and diluted loss per share was HK6.49 cents (2020: HK36.24 cents). Recurring EBITDA, computed as loss before tax excluding net fair value loss on financial asset at FVTPL, fair value loss on derivative financial instruments, realised gain on disposal of financial asset at FVTPL, depreciation and finance cost, amounted to a EBITDA of HK\$1.63 million (2020: Recurring EBITDA, computed as loss before tax excluding net fair value loss on financial asset at FVTPL, realised loss on disposal of financial asset at FVTPL, impairment of property, plant and equipment, depreciation and finance cost, amounted to a EBITDA of HK\$0.68 million).

### Dividend

The Directors do not recommend the payment of a dividend for the year (2020: nil).

### Business Review

During the year under review, the Group faced many challenges in the tough business environment and recorded an increase in turnover by 34.14% to HK\$368.32 million (2020: HK\$274.58 million) during the year.

During the year, staff costs increased by 33.19% to HK\$105.58 million (2020: HK\$79.27 million) representing 28.67% (2020: 28.87%) 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\$28.47 million (2020: HK\$23.63 million), electricity and water charges, and fuel expenses of HK\$23.69 million (2020: HK\$21.36 million), transportation expenses of HK\$3.27 million (2020: HK\$4.77 million), declaration expenses and custom tariffs of HK\$0.62 million (2020: HK\$2.60 million), consumables, tools and utensils of HK\$5.74 million (2020: HK\$2.68 million), sale commission and agency fee of HK\$3.57 million (2020: HK\$2.67 million), advertising and promotion expenses of HK\$3.03 million (2020: HK\$2.87 million), business entertainment expenses of HK\$7.43 million (2020: HK\$5.0 million), insurance expenses of HK\$1.63 million (2020: HK\$2.26 million), and legal and professional fee of HK\$3.0 million (2020: HK\$4.89 million), increased by 10.72% to HK\$90.87 million (2020: HK\$82.07 million) representing 24.67% (2020: 29.89%) of the Group's turnover during the year. The Group will continue to monitor the market and consequently adjust its labour force and labour structure in order to achieve a better staff mix to enhance labour efficiency. The Group will also continuously tighten its expenditure in its efforts to minimise the impact of increasing factory operating costs, 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 gain on financial asset at FVTPL of HK\$7.98 million. The net fair value gain on financial asset at FVTPL comprised of the fair value gain on investment in listed equity securities of China Properties Investment Holdings Limited (“CPI”) (approximately HK\$2.21 million) and Milan Station Holdings Limited (“MSH”) (approximately HK\$2.09 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

Since there was no financial asset at FVTPL and other investments held by the Group valued more than 5% of the total assets of the Group as at 30 April 2021, there were no significant investments held by the Group. Details of the financial asset at FVTPL held by the Group were as follows:

	As at 30 April 2021		As at 30 April 2020
Financial asset at FVTPL	Fair value <i>HK\$’000</i>	Approximately percentage to the total asset	Fair value <i>HK\$’000</i>
<b>Listed equity securities</b>			
WLS Holdings Limited (“WLS”)	24,806	4.06%	24,806
CPI	6,579	1.08%	4,336
China Investment and Finance Group Limited (“CIF”)	4,845	0.79%	4,522
MSH	4,729	0.77%	854
<b>Other listed equity securities (Note 1)</b>	20,064	3.28%	8,352
<b>Total</b>	61,023	9.98%	42,870

*Note:*

1. As at 30 April 2021, other listed equity securities comprised 11 listed equity securities and none of them was more than 1% of the total assets of the Group.

WLS, CPI, CIF and MSH are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The major activities of WLS are the provision of scaffolding and fitting out services and other services for construction and buildings work, provision of gondolas, parapet railings and access equipment installation and maintenance services, money lending business, securities investment business and assets management business. The major activities of CPI are the properties investment, money lending and financial services. The major activities of CIF are trading of securities and investment holding. The major activities of MSH are engaged in the retailing of handbags, fashion accessories, embellishments and spa and wellness products.

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

## **PLACING OF CONVERTIBLE BONDS**

On 16 October 2020, the Company entered into a subscription agreement pursuant to which an independent third party had agreed to subscribe for the convertible bonds of the Company, with the principal amount of HK\$9.4 million. The convertible bonds bears no interest and the maturity date falling on the second anniversary of the date of issue of the convertible bonds. The subscriber of the convertible bonds have the right to convert all or any portion of the convertible bonds into shares of the Company at the conversion price of HK\$0.25 per conversion share (subject to adjustments). The conversion rights can be exercised from six months after the date of the issue of the convertible bonds up to the day immediately prior to and exclusive of the maturity date of the convertible bonds. Completion of the subscription took place on 3 November 2020, upon which the convertible bonds were issued to the subscriber.

It was intended that the Company would utilise the net proceeds from the issue of the convertible bonds of approximately HK\$9.4 million for the general working capital of the Group. As at 30 April 2021, the net proceeds was fully utilized as intended.

## **Capital Structure, liquidity and Financial Resources**

The Group generally financed its operations by internal cash resources and bank financing. During the year under review, the increase in Group’s bank balances and cash was mainly due to the increase in collateralised bank borrowings by approximately HK\$39.88 million.



As at 30 April 2021, the Group's bank balances and cash amounted to HK\$187.72 million (2020: HK\$154.89 million). To finance its working capital, the Group has incurred total outstanding debts of HK\$124.59 million as at 30 April 2021 (2020: HK\$59.65 million), which comprised HK\$39.88 million (2020: Nil) of collateralised bank borrowings, HK\$33.18 million (2020: HK\$37.63 million) of lease liabilities, HK\$43.46 million (2020: HK\$22.02 million) of amount due to a director and HK\$8.07 million of convertible bond (2020: Nil). In terms of interest costs, included in the outstanding debts, HK\$73.06 million (2020: HK\$37.63 million) was interest bearing and HK\$51.53 million (2020: HK\$22.02 million) was interest free.

The gearing ratio was 31.8% as at 30 April 2021 (2020: 14.9%).

### **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 2021 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 2021, leasehold properties with a carrying amount of approximately HK\$105.16 million (2020: HK\$109.16 million) were pledged to secure bank borrowings granted to the Group. As at 30 April 2021, motor vehicles with a carrying amount of approximately HK\$1,499,000 (2020: HK\$84,000) were assets held under lease liabilities.

### **Capital Expenditure**

During the year ended 30 April 2021, the Group invested HK\$7.89 million (2020: HK\$3.40 million) in acquiring property, plant and equipment. This capital expenditure was financed mainly from internal financial resources.

### **Employees and Emolument Policy**

As at 30 April 2021, the total number of employees of the Group was approximately 937 (2020: 780). 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.

## **CAPITAL REORGANISATION**

Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting held on 29 April 2020, with effective from 5 May 2020, (i) twelve issued shares of a par value of HK\$0.08 each in the issued share capital of the Company be consolidated into one share of a par value of HK\$0.96 each in the issued share capital of the Company (“Consolidated Share”) and (ii) the issued share capital of the Company be reduced by (a) rounding down the number of Consolidated Share 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 (b) cancelling the paid up capital of the Company to the extent of HK\$0.95 on each of the then issued Consolidated Share such that the par value of each issued Consolidated Share be reduced from HK\$0.96 to HK\$0.01.

## **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 2021, the Company has applied the principles and complied with all code provisions set out in the CG Code except for the deviations explained in the relevant paragraphs below.

### **Chairman and Chief Executive**

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Li Tung Lok has been the Chairman of the Board since the establishment of the Company in January 1989. Mr. Li has also served as the Chief Executive since January 1989 (except for the period from February 2004 to December 2008). Being the founder of the Group, Mr. Li’s industry expertise and detailed understanding of the Company’s operations is highly regarded by the Company. Accordingly, vesting the roles of Chairman of the Board and Chief Executive in Mr. Li adds significant value to the Company’s business growth while enhancing the efficiency of the decision-making process in response to the changing environment. Given all major decisions are reserved to the Board and three out of seven Board members are independent non-executive Directors, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company.

## **Appointment, Retirement and Re-Election of Directors**

Code provision A.4.2 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 A.4.2, Mr. Li Tung Lok has agreed to voluntarily retire and be re-elected at least once every three years. At the forthcoming annual general meeting of the Company, Mr. Li Tung Lok will voluntarily retire from office and will be re-elected as an executive Director.

## **Attend the General Meeting**

Code provision A.6.7 and E.1.2 of the CG Code stipulates that the Chairman of the Board should attend the annual general meeting of the Company and non-executive Director should attend general meetings of the Company. Owing to other business engagements and evolving coronavirus (COVID-19) situation, the Chairman of the Board, Mr. Li Tung Lok and three independent non-executive Directors, Mr. Chu Chun On Franco, Ms. Chung Hoi Yan and Mr. Liu Rongrui were unable to attend the annual general meeting of the Company held on 30 October 2020. However, the senior management and the executive Directors of the Company subsequently reported to them on the enquiries from the shareholders of the Company in the annual general meeting for them to gain and develop a balanced understanding of the views of shareholders of the Company.

## **AUDIT COMMITTEE**

The Audit Committee was established in April 2000. As at 30 April 2021, 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 audited consolidated results of the Group for the year ended 30 April 2021 has been reviewed by the Audit Committee.

#### **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG 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 2021 of the Group as set out in the announcement have been agreed by the Company's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng 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 HLB Hodgson Impey Cheng 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](http://www.qpl.com)) and the Stock Exchange. The Company's annual report for the year ended 30 April 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my gratitude to my fellow Directors and all staff for their efforts and contribution. Besides, I also would like to offer my sincere appreciation to all customers, business partners and Shareholders for their continuing support.

On behalf of the Board  
**QPL International Holdings Limited**  
**Li Tung Lok**  
*Executive Chairman and Chief Executive*

Hong Kong, 27 July 2021

*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 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.*