

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

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**QL RESOURCES BERHAD**

(Company No. 428915-X)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

- (A) PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY**
- (B) PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The above proposals will be tabled as Special Business at the Company's 19th Annual General Meeting ("AGM") to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 25 August 2016 at 10.00 a.m. or any adjournment thereof. The notice of the AGM together with the Form of Proxy is set out in the Company's 2016 Annual Report which is despatched together with this Circular.

The Form of Proxy should be completed and deposited at our Registered Office at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, not later than forty-eight (48) hours before the date and time for our AGM indicated above or any adjournment thereof. If you have lodged the Form of Proxy, you may also attend and vote in person at our AGM should you subsequently wish to do so.

This Circular is dated 28 July 2016

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “Act” : Companies Act, 1965, including any amendments that may be made from time to time
- “AGM” : Annual General Meeting
- “Board” : The Board of Directors of QL
- “Bursa Securities” : Bursa Malaysia Securities Berhad (635998-W)
- “Code” : Malaysian Code on Take-overs and Mergers 1998, including any amendments that may be made from time to time
- “Director” : Shall have the meaning given in Section 2(1) of Capital Market Services Act 2007 and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director or chief executive of QL Group
- “EPS” : Earnings per share
- “Endau Group” : QL Endau Marine Products Sdn. Bhd. and its subsidiaries, collectively
- “Listing Requirements” : Main Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time
- “Major Shareholder” : A person who (includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon) has an interest or interests in one or more voting shares in the Company (or any other corporation which is its subsidiary or holding company) and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: -
- (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or
  - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.
- For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act.
- “Market Day” : A day on which the stock market of Bursa Securities is open for trading in securities
- “NA” : Net Assets
- “Person Connected” : In relation to a Director or Major Shareholder, means such person who falls under any one of the following categories:-
- (a) a family member (which shall have the meaning given in Section 122A(2) of the Act) of the Director or Major Shareholder;
  - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the director, major shareholder, management team member, or a family member of the director, major shareholder or management team member, is the sole beneficiary;

- (c) a partner of the director, major shareholder, management team member, or a partner of a person connected with that director, major shareholder or management team member;
- (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director, major shareholder or management team member;
- (e) a person in accordance with whose directions, instructions or wishes the director, major shareholder, or management team member is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director, major shareholder or management team member;
- (g) a body corporate or its directors whose directions, instructions or wishes the director, major shareholder or management team member is accustomed or under an obligation, whether formal or informal, to act;
- (h) a body corporate in which the director, major shareholder, or management team member, or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
- (i) a body corporate which is a related corporation.

“Proposals”	:	Proposed Renewal of Share Buy Back Authority and Proposed Renewal of and New RRPT Mandate, collectively
“Proposed Renewal of and New RRPT Mandate”	:	Proposed renewal of and new shareholders’ mandate for RRPT
“Proposed Renewal of Share Buy Back Authority”	:	Proposed renewal for the Company to purchase its own Shares of up to maximum of ten per centum (10%) of the total issued and paid-up share capital
“Proposed Share Buy Back”	:	Proposed purchase by the Company of its own shares in accordance with Section 67A of the Act and the requirements of Bursa Securities and/or any other relevant authority
“QL” or “Company”	:	QL Resources Berhad (428915-X)
“QL Group” or “Group”	:	QL and its subsidiary companies
“QL Farms Group”	:	QL Farms Sdn. Bhd. and its subsidiaries, collectively
“Related Party/Parties”	:	A director, major shareholder or person connected with such Director or Major Shareholder
“RRPT”	:	Related party transactions which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of QL Group
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively

- “Shares” : Ordinary shares of 25 sen each of QL
- “Treasury Shares” : Shares purchased by the Company which will be retained as treasury shares

All references to “our Company” in the Circular are to QL, references to “our Group” is to our Company and our subsidiaries and associated company and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, and our subsidiaries and associated company.

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## QL RESOURCES BERHAD

(Company No. 428915-X)  
(Incorporated in Malaysia)

### Registered Office

No.16A, Jalan Astaka U8/83  
Bukit Jelutong  
40150 Shah Alam  
Selangor Darul Ehsan

28 July 2016

### Board of Directors

Tengku Dato' Zainal Rashid bin Tengku Mahmood (*Chairman and Independent Non-Executive Director*)  
Chia Song Kun (*Managing Director*)  
Chia Seong Pow (*Executive Director*)  
Chia Seong Fatt (*Executive Director*)  
Chia Song Kooi (*Executive Director*)  
Chia Song Swa (*Executive Director*)  
Chia Mak Hooi (*Executive Director*)  
Cheah Juw Teck (*Executive Director*)  
Chieng Ing Huong, Eddy (*Senior Independent Non-Executive Director*)  
Tan Bun Poo, Robert (*Independent Non-Executive Director*)  
Prof. Datin Paduka Dr Aini Binti Ideris (*Independent Non-Executive Director*)

Dear Shareholders,

#### **(A) PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY**

#### **(B) PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

### **1. INTRODUCTION**

At the Annual General Meeting held on 27 August 2015, the Company had obtained shareholders' mandate on the Proposed Renewal of Share Buy Back Authority and Proposed Renewal of and New RRPT Mandate. The aforesaid mandate will expire at the conclusion of the forthcoming AGM which will be held on Thursday, 25 August 2016 unless renewal is obtained.

On 1 July 2016, the Board had announced the Company's intention to seek shareholders' approval on the Proposals.

The purpose of this Circular is to provide you with the details and information of the Proposals, to set out the recommendation made by the Board and to seek your approval for the resolution pertaining to the Proposals to be tabled at the Company's forthcoming AGM or any adjournment thereof.

## 2. DETAILS OF THE PROPOSALS

### 2.1 Proposed Renewal of Share Buy Back Authority

The Board seeks your approval to purchase up to ten per centum (10%) of QL's issued and paid-up share capital at the point of purchase on Bursa Securities through the Company's appointed stockbroker(s).

The Proposed Renewal of Share Buy Back Authority will allow the Board to exercise the power to purchase QL's own Shares at any time within the mandate period using internally generated funds of the Company and/or borrowings. The actual number of Shares to be purchased, the total amount of funds to be utilised as well as the timing of the Proposed Share Buy Back will depend on inter alia, market conditions, the availability of the retained profits/ share premium accounts and the financial resources available to QL Group as well as Bursa Securities' requirement to maintain the minimum shareholding spread and minimum issued and paid-up share capital.

The mandate for the Proposed Share Buy Back will be effective immediately upon the passing of the ordinary resolution pertaining to the Proposed Renewal of Share Buy Back Authority at the forthcoming AGM, and will be in force until:-

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; and
- (iii) revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting, whichever is the earlier.

The maximum amount of funds to be allocated for the Proposed Share Buy Back will be subject to the retained profits and/or share premium accounts of the Company. The retained profits and share premium account of the Company based on the audited financial statements for the year ended 31 March 2016 were RM223,638,536 and RM308,017,538 respectively. Whereas the retained profits and share premium account of the Company based on its unaudited management account as at 30 June 2016 were RM230,976,376 and RM308,017,538 respectively.

The Proposed Share Buy Back is likely to reduce the working capital and cash flow of the Company, the quantum of which depends on the purchase price and the actual number of Shares purchased. However, the Proposed Share Buy Back is not expected to have a material effect on the working capital and cash flow of QL Group.

Pursuant to the rules of Listing Requirements, the Proposed Share Buy Back shall be executed at purchase prices not exceeding 15% above the weighted average market price of the Shares for the previous five (5) Market Days immediately prior to the purchase. The Treasury Shares arising from the Proposed Share Buy Back can be resold at prices not less than the weighted average market price of the Shares for the previous five (5) Market Days immediately prior to the resale.

The aforesaid Treasury Shares shall not be entitled to any of the right attached to the existing Shares of the Company as to voting, dividends and participation in other distribution or otherwise, are suspended and shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of Section 67A(3C) of the Act, Company's Articles of Association or the Listing Requirements on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at a meeting.

Notwithstanding the above, the Company may deal with the Shares so purchased in the following manner:-

- (a) to be cancelled;
- (b) to be retained as treasury shares for distribution as share dividends to the shareholders and/or resell them to Bursa Securities and/or subsequently cancel the treasury shares;
- (c) to retain partly as treasury shares and cancel the remainder; or
- (d) a combination of (a), (b) and (c) above.

The decision of the Board on the above options will be made at appropriate time. An immediate announcement will be made to Bursa Securities as and when any purchase, cancellation and/or resale of Shares are executed.

### 2.1.1 Risk Assessment of the Proposed Share Buy Back

The Proposed Share Buy Back, if implemented will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in the future or, at the least, deprive the Company and the Group of interest income that can be derived from the funds realised for the Proposed Share Buy Back.

The Proposed Share Buy Back may also result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase Shares. In the event that the Proposed Share Buy Back is funded by bank borrowings, the Company's net cash flow may decline to the extent of the interest costs associated with such borrowings. However, if the Company decides to utilise bank borrowings to finance the Proposed Share Buy Back, it will ensure that it has sufficient financial capability to repay the bank borrowings and interest expense as well as to ensure that the bank borrowings will not have a material impact on the cash flows or earnings of the Company.

Nevertheless, the abovementioned disadvantages shall be mitigated by the prospect that the financial resources of the Group may increase, if the Treasury Shares are resold at prices higher than the purchase price.

### 2.1.2 Directors' and Major Shareholders' shareholdings

Based on the Register of Directors' Shareholdings and the Register of Major Shareholder as at 30 June 2016, the number of Shares held by the directors and major shareholders of QL respectively are as follows:-

Name/Company	Number of Shares held as at 30 June 2016 <sup>(1)</sup>				After Proposed Share Buy Back <sup>(2) (3)</sup>			
	Number of Shares ('000)				Number of Shares ('000)			
	Direct	%	Indirect	%	Direct	%	Indirect	%
<b>Major Shareholders</b>								
CBG Holdings Berhad ("CBG")	525,042	42.07	-	-	525,042	46.74	-	-
Farsathy Holdings Sdn Bhd ("Farsathy")	150,735	12.08	-	-	150,735	13.42	-	-



Name/Company	Number of Shares held as at 30 June 2016 <sup>(1)</sup>				After Proposed Share Buy Back <sup>(2) (3)</sup>			
	Number of Shares ('000)				Number of Shares ('000)			
	Direct	%	Indirect	%	Direct	%	Indirect	%
<b>Directors</b>								
Tengku Dato' Zainal Rashid bin Tengku Mahmood	3,870	0.31	-	-	3,870	0.34	-	-
Chia Song Kun	675	0.05	537,845 <sup>a</sup>	43.10	675	0.06	537,845 <sup>a</sup>	46.74
Chia Seong Pow	2,200	0.18	154,934 <sup>b</sup>	12.41	2,200	0.20	154,934 <sup>b</sup>	13.79
Chia Song Kooi	870	0.07	529,272 <sup>c</sup>	42.41	870	0.08	529,272 <sup>c</sup>	47.12
Chia Seong Fatt	486	0.04	153,280 <sup>d</sup>	12.28	486	0.04	153,280 <sup>d</sup>	13.65
Chia Song Swa	567	0.05	527,931 <sup>c</sup>	42.30	567	0.05	527,931 <sup>c</sup>	47.00
Chia Mak Hooi	2,177	0.17	529,946 <sup>e</sup>	42.46	2,177	0.19	529,946 <sup>e</sup>	47.18
Cheah Juw Teck	2,196	0.18	7,320 <sup>f</sup>	0.59	2,196	0.20	7,320 <sup>f</sup>	0.65

**Notes:-**

- (1) The percentage shareholding is calculated based on 1,248,029,430 Shares in circulation.
- (2) The percentage shareholding is calculated based on 1,123,226,487 Shares in circulation assuming a maximum of 124,802,943 Shares are purchased and cancelled pursuant to the Proposed Share Buy Back and that the Shares are purchased from shareholders other than QL's major shareholders.
- (3) In the event an obligation to undertake a mandatory offer arise resulting from the Proposed Share Buy Back, the related majority shareholder shall make the necessary application to the Securities Commission to seek an exemption from the mandatory offer obligation. For information purposes, QL does not intend to undertake the Proposed Share Buy Back such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code.
- a Deemed interest via his and his spouse's interests in CBG, Attractive Features Sdn Bhd, his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") as well as his spouse's, children's and their spouse's interests in QL.
- b Deemed interest via his and his spouse's beneficial interests in Farsathy, his and his spouse's indirect interest in RT and his spouse's, children's and their spouse's interests in QL.
- c Deemed interest via his interest in CBG, his indirect interest in RT and his spouse's interest in QL.
- d Deemed interest via his and his spouse's beneficial interests in Farsathy, his and his spouse's indirect interests in RT and his children's interests in QL.
- e Deemed interest via his and his father's interest in CBG, his and his father's indirect interests in RT and his father's and spouse's interests in QL.
- f Deemed interest via his parents' and spouse's interests in QL.

### 2.1.3 Public Shareholding Spread

As at 30 June 2016, the public shareholding spread of the Company is 40.00%. The public shareholding spread is expected to be reduced to 33.33% assuming the Proposed Share Buy Back is implemented in full and all the Shares so purchased are cancelled. However, the Company will ensure that the public shareholding spread of at least 25% is maintained.

### 2.1.4 Implication on the Code

QL does not intend to exercise the Proposed Share Buy Back such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any parties resulting from the Proposed Share Buy Back, the relevant parties shall make the necessary application to the Securities Commission for an exemption to undertake a mandatory offer pursuant to the Code.

### 2.1.5 Purchases of the Company's Shares, resale of Treasury Shares and cancellation of shares in the previous twelve (12) months

The Company has not purchased its own Shares in the preceding twelve (12) months from 1 July 2015 to 30 June 2016. Hence, there is no resale or cancellation of Treasury Shares as to date.

### 2.1.6 Share price

QL's monthly highest and lowest share prices of for the past twelve (12) months to June 2016 are as follow:

	High (RM)	Low (RM)
<b><u>2016</u></b>		
June	4.45	4.26
May	4.43	4.19
April	4.53	4.17
March	4.47	4.24
February	4.65	4.43
January	4.65	4.23
<b><u>2015</u></b>		
December	4.40	4.15
November	4.38	4.00
October	4.23	3.96
September	4.23	3.78
August	4.29	3.71
July	4.31	3.88

(Source: [www.shareinvestor.com](http://www.shareinvestor.com))

The last transacted price on Bursa Securities on 18 July 2016, being the latest practicable date prior to the printing of this Circular, was RM4.41 per Share.

## 2.2 Proposed Renewal of and New RRPT Mandate

### 2.2.1 Introduction

QL is an investment holding company whilst the principal activity of its Group are distribution of animal feed, raw materials and food grain, layer and broiler farming, poultry breeding, manufacturing of poultry and livestock feed, farm products, deep sea fishing, property holding, manufacturing of surimi and surimi-based products, manufacturing and sales of frozen "halal" food products, processing and sale of frozen seafood, aqua-farming, manufacturing and trading of fishmeal and food products, trading of feed supplements, animal health food and agricultural products, oil palm plantation and crude palm oil milling, production and supply of biologically digested feeding raw materials, development and marketing of "palm pelletising" system, provision of management services, feed milling, producing and selling organic fertilizer, sale of subsidised diesel to fishermen, trading of goods, provision of chicken parts processing services, coastal fish trawling, operating a palm pellet and biogas plants, manufacturing of wood pellet, supply of biomass, hatching and aqua culturing of prawn, shrimps and fishes, engaged in the business of breeding, genetic selection and hatchery operation for the production of aquatic species.

Under Part E, Chapter 10.09 of the Listing Requirements, where RRPT which are necessary for its day-to-day operations such as supplies of raw materials, the listed issuer may seek shareholders' mandate in respect of such transactions subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09 (1) of the Listing Requirements;
- (c) Issuing of Circular to shareholders;
- (d) in a meeting to obtain shareholder mandate, the relevant related party must comply with the following requirements:-
  - (i) a related party with any interest, direct or indirect ("interested related party"), must not vote on the resolution in respect of the RRPT;
  - (ii) an interested related party who is a director or major shareholder, must ensure that persons connected with it abstain from voting on the resolution in respect of the RRPT; and
  - (iii) where the interested related party is a person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution in respect of the RRPT.
- (e) the Company immediately announces to Bursa Securities when the actual value of RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement

In this respect, any authority conferred by the Proposed Renewal of and New RRPT Mandate will take effect from the date of passing of the ordinary resolution at the forthcoming AGM and shall only continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

### **2.2.2 Classes of Related Parties**

The Proposed Renewal of and New RRPT Mandate will apply to the following Related Parties:

- (i) Green Breeder Sdn. Bhd. is a company involved in livestock breeding. The directors are Dr Ng Siew Thiam ("Dr Ng") and his spouse, Chew Ching Kwang. The major shareholder (87.5%) is May Hoo Trading Sdn. Bhd., a company owned by Dr Ng and his spouse. Dr Ng is a Director of QL Livestock Farming Sdn. Bhd. ("QLLF") and QL AgroResources Sdn. Bhd. ("QLAR"). Dr Ng and his spouse combined shareholding in QLAR is 5%. QLAR is 95% owned by QL and the holding company of QLLF.

- (ii) C-Care Enterprise Sdn. Bhd. ("C-Care") is a retail shop. Mr Chia Soon Hooi and his spouse are directors and shareholders of C-Care. Mr Chia Soon Hooi is the son of Mr Chia Teow Guan and the brother of Mr Chia Mak Hooi. Mr Chia Teow Guan is a director of QL Foods Sdn. Bhd. ("QL Foods") and member of the Chia Family whereas Mr Chia Mak Hooi is a director and major shareholder of QL.
- (iii) Fusipim Sdn. Bhd. ("Fusipim") is a company involved in food processing and distribution. The directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr Eng Seng Poo. Madam Chia Kah Chuan is a member of the Chia Family.
- (iv) Mr Cheah Joo Kiang had established a sole proprietorship under the name Cheah Joo Kiang Enterprise, which is engaged in the trading of fish ball. Mr Cheah Joo Kiang is the son of Mr Cheah Yaw Song and the brother of Mr Cheah Juw Teck. Mr Cheah Yaw Song and Mr Cheah Juw Teck are directors of QL Foods and shareholders of QL.
- (v) Sin Teow Fatt Trading Co. is a partnership involved in fish wholesale and it is owned by Mr Chia Teow Guan, Mr Chia Song Pou, Mr Cheah Yaw Song and Mr Chia Song Phuan, who are also directors of QL Foods and members of the Chia Family.
- (vi) Keang Huat Trading Sdn. Bhd. ("KH") is a trading company of all kinds of hardware, marine engines and fishing equipment. Mr Lim Kwan Cheang @ Lim Kwan Cheng, Mr Sim Chin Swee and Mr Chua Lee Guan are directors and substantial shareholders of KH. KH is a major shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. ("QLEMP"). Mr Sim Chin Swee is also a director of Endau Group and shareholder of QLEMP. QLEMP is 70.59% owned by QL.
- (vii) Perikanan Sri Tanjung Sdn. Bhd. ("PST") is into deep sea fishing, diesel and transportation services. Mr Lim Kwan Cheang @ Lim Kwan Cheng, Mr Sim Chin Swee, Mr Heng Hup Peng, Mr Heng Chai Khoon, Mr Chua Lee Guan, Mr Loh Yoo Ming and Mr Heng Seng See are major shareholders of PST. They are also shareholders of QLEMP holding 13.35% in total. Mr Sim Chin Swee and Mr Heng Hup Peng are directors of PST and Endau Group.
- (viii) Timurikan Trengganu Marine Products Sdn. Bhd. ("TTMP") is a company engage in the business as marine products manufacturing, trading of edible fishes, frozen fishes and other aquatic animals. Mr Lim Kwan Cheang @ Lim Kwan Cheng, Mr Sim Chin Swee, Mr Heng Hup Peng, Mr Heng Chai Khoon, Mr Chua Lee Guan, Mr Loh Yoo Ming and Mr Heng Seng See are major shareholders of TTMP. They are also shareholders of QLEMP holding 13.35% in total. Mr Sim Chin Swee and Mr Heng Hup Peng are directors of TTMP and Endau Group.
- (ix) Success Portfolio Sdn. Bhd. ("SP") is a company engaged in livestock farming which Dr Ng has interest. Dr Ng is a director and shareholder of QLAR, a 95% owned subsidiary of QL and the holding company of QLLF. SP is 75% owned by Ruby Technique Sdn. Bhd. ("RT") which in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. ("CBG") and Farsathy Holdings Sdn. Bhd. ("Farsathy") respectively. CBG and Farsathy are the major shareholders of QL.
- (x) M.B. Agriculture (Sabah) Sdn. Bhd. is engaged in livestock farming and is wholly-owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG and Farsathy are the major shareholders of QL.

- (xi) M.B. Agriculture (Sandakan) Sdn. Bhd. ("MB (Sandakan)") is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy. ("Farsathy") respectively. CBG and Farsathy are the major shareholders of QL. Mr Liu Sin is a director and shareholder of MB (Sandakan) as well as director of QL Farms Group and a shareholder of QL.
- (xii) Arena Dijaya Sdn. Bhd. ("Arena") is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG and Farsathy are the major shareholders of QL. Mr Liu Sin is a director and shareholder of Arena as well as director of QL Farms Group and a shareholder of QL.
- (xiii) E Koon Plastics Trading ("E Koon") is a sole proprietorship engaged in wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C., retail sale of construction materials, hardware, paints and glass, wholesale of plastic materials in primary forms. E Koon is owned by Ms Eng Siew Yong. She is the daughter-in-law and sister-in-law of Mr Cheah Yaw Song and Mr Cheah Juw Teck respectively, who are directors of QL Foods and QL Fishmeal Sdn. Bhd. as well as shareholders of QL. Mr Chia Song Kun and Mr Chia Song Kang are brothers of Mr Cheah Yaw Song, i.e. part of the Chia Family.
- (xiv) Highglobal Properties Sdn. Bhd. ("HP") is an investment holding company and an associate of MB (Sandakan), of which Farsathy is the ultimate holding company. Mr Chia Seong Fatt is the director of QL Plantation Sdn. Bhd. ("QLP"), HP and Farsathy. He has deemed interest in HP by virtue of his beneficial interests in Farsathy.
- (xv) Hai Hong Fishery Sdn. Bhd. ("HHF") is engaged in trading in fish, all types of fishery and seafood products. Mr Heng Hup Peng is a director and shareholder of HHF as well as a director and shareholder of QLEMP.
- (xvi) Perikanan Hap Huat Sdn Bhd ("PHH") is engaged in manufacturing, wholesaler, trade of edible fishes and other aquatic animal, post process of aquatic products and rendering of transportation services. Mr Heng Hup Peng and Mr Sim Chin Swee are the directors and shareholders of PHH. They are also the directors and shareholders of QLEMP.
- (xvii) Total Icon Sdn. Bhd. ("TI") is a company principally engaged in plantation business. Mr Chia Seong Fatt ("SFatt"), Mr Chia Lik Khai ("LKhai") and Mr Chia Seong Pow ("SPow") are major shareholders of TI with a total shareholding of 40% in TI. SFatt and LKhai are directors of QLP. SFatt and SPow are brothers and they are also directors and major shareholders of the Company.
- (xviii) Riclee Food Trading is a sole proprietorship which is engaged in food supply and owned by Mr Lee Heng Chin. He is the son of Mr Lee Hung Hoi @ Lee Teck Wee, a director of QL Lian Hoe Sdn. Bhd., QL Figo Foods Sdn. Bhd. and QL Figo (Johor) Sdn. Bhd.

**2.2.3 Relationships of Persons Connected as set out in Section 2.2.2 above to QL's interested directors and/or interested Major Shareholder**

<b>Name of Person Connected</b>	<b>Interested directors and/or interested Major Shareholder</b>	<b>Nature of relationship with interested directors and/or interested Major Shareholder</b>
Chia Song Kang Chia Song Pou Chia Song Swa Chia Song Kooi Cheah Yaw Song Chia Song Phuan Chia Teow Guan Chia Cheong Soong Chia Kah Chuan <i>(collectively referred to as "Chia Family")</i>	Chia Song Kun	Siblings
Chia Suan Hooi Chia Siang Eng Chia Chong Lang Chia Bak Lang	Chia Seong Pow and Chia Seong Fatt	Siblings
Liu Sin	Chia Song Kun, Chia Seong Pow and Chia Seong Fatt	Brother-in-law
Chia Bak Lang	Chia Song Kun	Spouse
Koh Kwee Choo	Chia Seong Pow	Spouse
Sim Ahi Yok	Chia Seong Fatt	Spouse
Chia Teow Guan	Chia Mak Hooi	Father
Chia Soon Hooi	Chia Mak Hooi	Brother
Cheah Joo Kiang	Cheah Juw Teck	Brother
Cheah Yaw Song	Cheah Juw Teck	Father
Eng Siew Yong	Cheah Juw Teck	Sister-in-law
Chia Song Kun )	CBG Holdings Sdn. Bhd.	Director and shareholder
Chia Song Kang )		Director and shareholder
Chia Song Pou )		Director and shareholder
Chia Song Swa )		Director and shareholder
Chia Song Kooi )		Director and shareholder
Cheah Yaw Song )		Director and shareholder
Chia Song Phuan )		Director and shareholder
Chia Teow Guan )		Director and shareholder
Chia Mak Hooi )		Director and shareholder
Chia Bak Lang )		Shareholder
Chia Cheong Soong )		Shareholder

Name of Person Connected	Interested directors and/or interested Major Shareholder	Nature of relationship with interested directors and/or interested Major Shareholder
Chia Seong Pow	)	Director and beneficial shareholder
Chia Suan Hooi	)	Director and beneficial shareholder
Chia Seong Fatt	)	Director and beneficial shareholder
Chia Chong Lang	)	Beneficial shareholder
Sim Ahi Yok	)	Beneficial shareholder
Chia Chw Pew	)	Beneficial shareholder
Koh Kwee Choo	)	Beneficial shareholder
Chia Chew Seng	)	Beneficial shareholder
Chia Chiew Yang	)	Beneficial shareholder
Chia Chew Ngee	)	Beneficial shareholder

<sup>^</sup> The entire shareholdings in Farsathy Holdings Sdn. Bhd. ("Farsathy") was held by TMF Trustees Malaysia Berhad ("TMF"), a trust company registered under the Trust Companies Act, 1949 on trust for the beneficiaries of a family trust. Although TMF has an interest in the voting rights of Farsathy, it does not have economic or beneficial interest in the said voting rights, and as such interest is held solely for the benefits of the beneficiaries under the family trust.

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## 2.2.4 Nature of RRPT and Estimated Value

### Existing RRPT

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 28 August 2015 to 30 June 2016 (RM'000)
1.	Sale of animal feed by QL Livestock Farming Sdn. Bhd. ("QLLF")	Green Breeder Sdn. Bhd.	24,000	24,000	18,718
2.	Sale of animal feed by QLLF	Success Portfolio Sdn. Bhd.	6,000	6,000	3,712
3.	Purchase of raw fish by QL Foods Sdn. Bhd. ("QL Foods")	Sin Teow Fatt Trading Co.	800	800	691
4.	Sale of surimi and flour-based product by QL Group	Fusipim Sdn. Bhd. ("Fusipim")	2,500	2,500	1,020
5.	Sale of surimi-based product by QL Foods	Cheah Joo Kiang Enterprise	4,260	4,260	2,920
6.	Purchase of spare parts by Endau Group	Keang Huat Trading Sdn. Bhd.	5,000	3,000	3,226
7.	Purchase of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	1,500	1,500	529
8.	Trading of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	1,500	1,500	98
9.	Sale of animal feed by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	15,000	15,779
10.	Sale of surimi-based product by QL Foods	C-Care Enterprise Sdn. Bhd.	1,200	1,200	677
11.	Sale of animal feed by QL Tawau Feedmill Sdn. Bhd. ("QLTF")	Arena Dijaya Sdn. Bhd.	6,000	5,000	4,334
12.	Purchase of packing material and sale of organic fertilizer by QL Farms Group		40	20	9



No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 28 August 2015 to 30 June 2016 (RM'000)
13.	Sales of animal feed by QLTF	M.B. Agriculture (Sandakan) Sdn. Bhd. ("MBAS")	7,000	6,000	5,783
14.	Purchase of fresh fruit bunch and ERP fertilizer by QL Plantation Sdn. Bhd. ("QLP")		1,240	1,240	727
15.	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries and sale of broiler, meat/frozen food and organic fertilizer by QL Farms Group		600	480	369
16.	Purchase of packing material by QL Group	E Koon Plastics Trading ("E Koon")	2,570	1,850	1,415
17.	Trading of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	100	100	51
18.	Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600	600	338
19.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	200	200	127
20.	Sale of organic fertilizer by QL Farms Group		60	60	39

**The following RRPT will be sought on aggregated basis as per item no. 4, 14, 15 and 16 in the abovementioned table**

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 28 August 2015 to 30 June 2016 (RM'000)
1.	Sale of surimi by QL Foods	Fusipim	800	800	307
2.	Sale of surimi by Endau Group		1,000	1,000	426
3.	Sale of flour-based product by QL Figo Foods Sdn. Bhd.		700	700	287

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 28 August 2015 to 30 June 2016 (RM'000)
4.	Purchase of fresh fruit bunch by QLP Sdn. Bhd.	MBAS	1,200	1,200	716
5.	Purchase of ERP fertilizer by QLP		40	40	11
6.	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries by QL Farms Group		300	300	183
7.	Sale of broiler, meat/frozen food and organic fertilizer by QL Farms Group		300	180	186
8.	Purchase of packing material by QL Foods	E Koon	2,500	1,800	1,396
9.	Purchase of packing material by QL Fishmeal Sdn. Bhd.		70	50	39

#### New RRPT

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)
1.	Sale of surimi-based product by QL Lian Hoe Sdn. Bhd.	Riclee Food Trading	75
2.	Sale of surimi-based/chilled/frozen product by QL Figo Foods Sdn. Bhd.		400
3.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	100
4.	Sale of organic fertilizer by QL Farms Group		40
5.	Sale of surimi and frozen fish by QL Marine Products Sdn. Bhd.	Fusipim Sdn. Bhd.	1,000

#### Notes:

\* The new estimated value is based on the Management's estimate which takes into account the transacted amount for the financial year ended 31 March 2016 as well as the changing economic and competitive environment. Announcement will be made accordingly if the actual value exceeds the estimated value by 10% or more.

### **2.2.5 Amount due and owing by Related Parties**

There was no amount due and owing by Related Parties which exceeded the credit term at the end of the financial year ended 31 March 2016.

Late payment charges rate of 0.75% per month will be imposed on the Related Parties if the amount due and owing by them exceeded the credit term.

### **2.2.6 Review and disclosure procedures for RRPT**

The Board will ensure that the methods or procedures adopted for pricing in the RRPT are consistent with the usual business practices and standards currently adopted by the Group in transactions with non-related parties. The Board will also ensure that the RRPT are conducted on an arms-length and on normal commercial terms taking into account prevailing market conditions and are not detrimental to the minority shareholders.

At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure that the RRPT is not detrimental to the Company or the Group.

The Company maintains quarterly report of all RRPT. This list is circulated to members of the Audit Committee and the Board on quarterly basis for review and deliberation, where necessary. All members of the Board and/or Audit Committee who are directly or indirectly interested in any of the RRPT shall declare their interest in such transaction and abstain from deliberations and voting in respect of the RRPT.

There is no specific threshold for approval of the RRPT as all related party transactions will be subject to periodic reviews by the Audit Committee to ensure that they have been transacted on arm's length basis and on commercial terms not detrimental to the Group. Proper disclosures will be made in the Company's annual report in respect of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year. Further, the Company has engaged its outsourced internal audit function to review the RRPT as part of their job scope. Additionally, our Audit Committee shall have the right to access the information on the related parties concerned and is entitled to the services of independent advisers, if required, in the discharge of their duties in reviewing the RRPT.

### **2.2.7 Audit Committee Statement**

The Audit Committee of the Company has reviewed the procedures as stipulated under Section 2.2.6 above on quarterly basis and is of the opinion that the said procedures are satisfactory to ensure that the RRPT are carried out on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of the minority shareholders.

Further, the Audit Committee is of the opinion that the Company has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner.

### **3. RATIONALE OF THE PROPOSALS**

#### **3.1 Rationale for the Proposed Renewal of Share Buy Back Authority**

The rationale for and the benefits of the Proposed Share Buy Back if exercised are as follows:-

- (a) as a possible measure to assist towards stabilising the supply and demand for QL's Shares on Bursa Securities which in turn is expected to foster investors' confidence;
- (b) if the purchased Shares are subsequently cancelled, this may increase the consolidated EPS of QL Group, which may have a positive impact on QL's share price;
- (c) if the Treasury Shares are sold at prices higher than the purchase prices, potential gains may be realised and consequently increase QL's working capital and net assets; and
- (d) as a mechanism to reward shareholders in the event that the Treasury Shares are distributed as share dividend.

The Proposed Share Buy Back is not expected to cause any potential material disadvantage to the Company and its shareholders as it will be exercised only after in-depth consideration of the financial resources of the QL Group and of the consequential impact on its shareholders' interest. The Board will be mindful on the Company and its shareholders' interest in exercising the Proposed Share Buy Back.

#### **3.2 Rationale of and benefit of the Proposed Renewal of and New RRPT Mandate**

The Proposed Renewal of and New RRPT Mandate will enhance our Group's ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the relevant company in our Group to enter into such transactions.

This will substantially reduce the expenses associated with the convening of general meetings on an ad-hoc basis, improve administrative efficiency considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

The RRPT involved are in the ordinary course of business and most are based on long term business relationships which had been established before QL went public on 30 March 2000.

The Related Parties are both reputable customers and reliable suppliers of raw materials and goods to our Group. Further, the raw materials and goods provided by the related parties are priced competitively and all transactions between our Group and the Related Parties are carried out on an arms' length basis and on terms not more favourable to the Related Parties than those generally available to the public.

#### 4. FINANCIAL EFFECTS OF THE PROPOSALS

The financial effects of the Proposed Share Buy Back are as follows:-

##### 4.1 Share Capital

The effects of the Proposed Share Buy Back on the issued and paid-up share capital of the Company are set out in the table below.

Description	Number of Shares	RM
Issued and paid-up capital as at 30 June 2016	1,248,029,430	312,007,357
Maximum number of Shares that may be purchased and cancelled pursuant to the Proposed Share Buy Back	(124,802,943) <sup>(i)</sup>	(31,200,735)
<b>Issued and paid-up share capital after the Proposed Share Buy Back and cancellation</b>	<b>1,123,226,487</b>	<b>280,806,622</b>

**Note:**

(i) For illustration purposes and assuming all shares purchased are cancelled. Notwithstanding the above, the Proposed Share Buy Back will not have any effect on the issued and paid-up share capital of the Company if the Shares so purchased are retained as treasury shares and subsequently re-sold and/or distributed to the shareholders.

##### 4.2 NA

The Proposed Share Buy Back is likely to reduce the NA per share of the Company and the Group if the purchase price exceeds the audited NA per share of the Group at the time of purchase, and will increase the NA per share of the Group if the purchase price is less than the audited NA per share of the Group at the time of purchase.

For Shares so purchased which are retained as the treasury shares, the NA of the Group will increase upon the resale of these shares, assuming that a gain has been realised. Nevertheless, the quantum of the increase in NA will depend on the actual selling price of the Treasury Shares and the number of the said shares being resold.

##### 4.3 Earnings

The EPS of the Group may increase depending on the number of Shares purchased and purchase prices of the Shares. Similarly, based on the assumption that the Shares so purchased are treated as treasury shares, the extent of the effect on the earnings of the Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain or interest savings arising.

The Proposed Renewal of and New RRPT Mandate will not have any material financial effects on QL Group.

#### 5. CONDITIONS TO THE PROPOSALS

The Proposals are conditional upon approval being obtained from the shareholders of the Company at the forthcoming AGM and the approval of the Proposed Renewal of Share Buy Back Authority and Proposed Renewal of and New RRPT Mandate is subject to annual renewal.

## 6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other directors and/or Major Shareholder of QL or any Person Connected to them have any direct or indirect interest in the Proposals:-

### 6.1 Proposed Share Buy Back Authority

Save for the inadvertent increase in the percentage of shareholding and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy Back, none of the director and/or Major Shareholder of the Company and/or Person Connected to them have any interest, either direct or indirect, in the Proposed Share Buy Back or resale of Treasury Shares.

### 6.2 Proposed Renewal of and New RRPT Mandate

Save as disclosed below, none of our other directors and/or Major Shareholder and Person Connected to them in QL are interested in the Proposed Renewal of and New RRPT Mandate.

The direct and indirect interests of the interested directors and/or major shareholders and persons connected to them in QL as at 30 June 2016 are as follows:-

Name/Company	Number of Shares (‘000)			
	Direct	% <sup>(1)</sup>	Indirect	% <sup>(1)</sup>
<b>Major Shareholder</b>				
CBG Holdings Berhad (“CBG”)	525,042	42.07	-	-
Farsathy Holdings Sdn Bhd (“Farsathy”)	150,735	12.08	-	-
<b>Director</b>				
Chia Song Kun	675	0.05	537,845 <sup>a</sup>	43.10
Chia Seong Pow	2,200	0.18	154,934 <sup>b</sup>	12.41
Chia Song Kooi	870	0.07	529,272 <sup>c</sup>	42.41
Chia Seong Fatt	486	0.04	153,280 <sup>d</sup>	12.28
Chia Song Swa	567	0.05	527,931 <sup>c</sup>	42.30
Chia Mak Hooi	2,177	0.17	529,946 <sup>e</sup>	42.46
Cheah Juw Teck	2,196	0.18	7,320 <sup>f</sup>	0.59
<b>Person Connected</b>				
Liu Sin	8,204	0.66	6,099 <sup>g</sup>	0.49
Chia Siang Eng	6,099	0.49	8,204 <sup>g</sup>	0.66
Cheah Yaw Song	5,460	0.44	529,887 <sup>h</sup>	42.46
Chia Song Phuan	5,154	0.41	526,831 <sup>i</sup>	42.21
Chia Song Pou	4,293	0.34	526,831 <sup>i</sup>	42.21
Chia Cheong Soong	-	-	526,831 <sup>i</sup>	42.21
Chia Song Kang	3,168	0.25	526,831 <sup>i</sup>	42.21
Chia Teow Guan	5,841	0.47	528,008 <sup>j</sup>	42.31
Chia Kah Chuan	1,695	0.14	-	-
Chia Suan Hooi	793	0.06	152,524 <sup>k</sup>	12.22
Chia Chong Lang	315	0.03	-	-
Chia Bak Lang	3,881	0.31	534,639 <sup>a</sup>	42.84
Koh Kwee Choo	1,800	0.14	155,334 <sup>b</sup>	12.45
Chia Soon Hooi	1,000	0.08	2,749 <sup>l</sup>	0.22
Cheah Joo Kiang	46	0.00	5,460 <sup>l</sup>	0.44
Eng Siew Yong	1,194	0.10	-	-
Chia Chw Pew	285	0.02	793 <sup>l</sup>	0.06
Chia Chew Seng	607	0.05	793 <sup>l</sup>	0.06
Chia Chew Ngee	178	0.01	793 <sup>l</sup>	0.06
Chia Chiew Yang	265	0.02	793 <sup>l</sup>	0.06
Sim Ahi Yok	-	-	153,766 <sup>d</sup>	12.32

**Notes:-**

- (1) *The percentage shareholding is calculated based on 1,248,029,430 Shares in circulation.*
- a *Deemed interest via his/her and his/her spouse's interests in CBG, Attractive Features Sdn Bhd and his/her and his/her spouse's indirect interests in Ruby Technique Sdn Bhd ("RT") as well as his/her spouse's, children's and their spouse's interests in QL.*
- b *Deemed interest via his/her and his/her spouse's beneficial interests in Farsathy, his/her and his/her spouse's indirect interests in RT and his/her spouse's, children's and their spouse's interests in QL.*
- c *Deemed interest via his interests in CBG, his indirect interest in RT and his spouse's interest in QL.*
- d *Deemed interest via his/her and his/her spouse's beneficial interests in Farsathy, his/her and his/her spouse's indirect interests in RT and his/her children's interests in QL.*
- e *Deemed interest via his and his father's interests in CBG, his and his father's indirect interests in RT and his father's and spouse's interests in QL.*
- f *Deemed interest via his parents' and spouse's interests in QL.*
- g *Deemed interest via their spouse's interests in QL.*
- h *Deemed interest via of his interests in CBG, his indirect interests in RT as well as his son's and spouse's interests in QL.*
- i *Deemed interest via his interests in CBG and indirect interests in RT.*
- j *Deemed interest via his interests in CBG, his indirect interests in RT and son's interests in QL.*
- k *Deemed interest via his beneficial interests in Farsathy and indirect interests in RT.*
- l *Deemed interest via their father's interests in QL.*

The interested Director, interested Major Shareholder and interested Person Connected to them as mentioned under Section 2.2.2 will abstain from voting in respect of his/her direct or indirect shareholdings on the resolution pertaining to the Proposed Renewal of and New RRPT Mandate at the AGM. Our interested directors have and will continue to abstain from board deliberation on relevant transactions that they are interested in.

The interested director and/or Major Shareholder will undertake to ensure that the Person Connected with them will abstain from voting on the resolution approving the transactions on the resolution pertaining to the Proposed Renewal of and New RRPT Mandate at the forthcoming AGM.

## **7. DIRECTORS' RECOMMENDATION**

### **7.1 Proposed Renewal of Share Buy Back Authority**

The Directors, having considered all aspects of the Proposed Renewal of Share Buy Back Authority, are of the opinion that the said proposal is in the best interest of the Company and its shareholders. Accordingly, they recommend that you vote in favour of the resolutions to be tabled at the forthcoming AGM.

### **7.2 Proposed Renewal of and New RRPT Mandate**

Our Directors (except Mr Chia Song Kun, Mr Chia Seong Pow, Mr Chia Seong Fatt, Mr Chia Song Kooi, Mr Chia Song Swa, Mr Chia Mak Hooi and Mr Cheah Juw Teck), having considered all aspects of the Proposed Renewal of and New RRPT Mandate, are of the opinion that it is in the best interest of the Company.

Other than the interested directors, namely, Mr Chia Song Kun, Mr Chia Seong Pow, Mr Chia Seong Fatt, Mr Chia Song Kooi, Mr Chia Song Swa, Mr Chia Mak Hooi and Mr Cheah Juw Teck, who are interested in the Proposed Renewal of and New RRPT Mandate and have refrained from making any recommendations in respect of this resolution, our Directors recommend that you vote in favour of the resolutions pertaining to the Proposed Renewal of and New RRPT Mandate to be tabled at our forthcoming AGM.

## **8. AGM**

The 19th AGM will be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 25 August 2016 at 10.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing, inter alia, the resolutions as set out in the Notice of AGM in the Company's Annual Report 2016, which is enclosed together with this Circular.

If you wish to appoint a Proxy to attend the AGM, you must complete the Form of Proxy in accordance with the instructions printed thereon. The Form of Proxy must be deposited at the Company's registered office at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan not later than forty eight (48) hours before the time fixed for the AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully  
For and on behalf of the Board of Directors  
**QL RESOURCES BERHAD**

**Tengku Dato' Zainal Rashid Bin Tengku Mahmood**  
**Chairman / Independent Non-Executive Director**



## FURTHER INFORMATION

### 1. RESPONSIBILITY STATEMENT

Your Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

### 2. MATERIAL CONTRACTS

Save as disclosed below, neither our Company nor any of our subsidiaries have entered into any contract which are or may be material (not being contracts entered into in the ordinary course of our Group's business) during the two (2) years immediately before the date of this Circular:

- (a) On 20 November 2014, QL Fishery Sdn. Bhd. had entered into an Investment Agreement with Rising Growth Sdn. Bhd. ("RGSB"), Lee Kat Choy ("LKC") and Kembang Subur Sdn. Bhd. ("KSSB") to purchase 2,700,000 ordinary shares of RM1.00 each, representing 45% of the issued and paid-up shares capital of KSSB from Dimara Holdings Sdn. Bhd., Chee Chik Eng and Kiara Agro Sdn. Bhd. for consideration of RM8,910,000 ("Sale Shares") and at the invitation from KSSB, RGSB and LKC, following the sale and purchase of the aforesaid Sale Shares, subscribe 3,000,000 new ordinary shares of RM1.00 each in KSSB for a cash consideration of RM12,000,000.
- (b) On 29 November 2014, QL had entered into a Sale and Purchase Agreement with Ayer Keroh Resort Sdn. Bhd. to purchase a piece of land held under title no. Country Lease No. 035317223 measuring an area of approximately 364.0 hectares in the District of Kota Belud, Sabah for a cash consideration of RM13,500,000.00.
- (c) On 13 January 2015, QL Plantation Sdn. Bhd. had entered into a Deed of Mutual Release with POIC Sabah Sdn. Bhd. to dispose a piece of land under Lot No. 13B situated in the District of Lahad Datu, Sabah for a cash consideration of RM10,105,920.00.
- (d) On 19 January 2016, Kembang Subur Sdn. Bhd. had entered into a Share Acquisition Agreement with Cargill Feed Sdn. Bhd. to acquire the entire issued and paid-up share capital of KS Pekan Hatchery Sdn. Bhd. (formerly known as Cargill Aquaculture Resources Sdn. Bhd.), comprising 4,000,000 ordinary shares of RM1.00 each for a cash consideration of RM1,300,000.00.
- (e) On 11 April 2016, Maxincome Resources Sdn. Bhd. had entered into an Area Franchise Agreement with FamilyMart Co., Ltd. for the development and operation of FamilyMart convenience stores in Malaysia.

### 3. MATERIAL LITIGATION

Neither the Company nor any of our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group. Your Directors do not know of any proceedings, pending or threatened, against the Group or of any facts likely to give rise to any proceedings which might materially affect our Group's position or business.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at our Registered Office at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan during the normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the time set for the forthcoming AGM:

- (i) Memorandum and Articles of Association;
- (ii) Audited consolidated financial statements of our Group for the past two (2) financial years ended 31 March 2015 and 31 March 2016; and
- (iii) Material contracts referred to in Section 2 above.