

THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused Part A and B of this Circular/Statement in relation to the Proposed Bonus Issue (as defined herein) and Proposed Renewal of and New RRPT Mandate (as defined herein) respectively as QL Resources Berhad ("**QL**" or the "**Company**") has been selected by Bursa Securities as one of the eligible listed issuers under the Green Lane Policy. Further, Bursa Securities has not perused Part C of this Circular/ Statement in relation to the Proposed Renewal of Share-Buy Back Authority (as defined herein) prior to its issuance as it is an exempt circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular/Statement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular/Statement.



QL RESOURCES BERHAD

(Registration No. 199701013419 (428915-X))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A

PROPOSED BONUS ISSUE OF UP TO 811,219,129 NEW ORDINARY SHARES IN QL ("BONUS SHARE(S)") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 2 EXISTING ORDINARY SHARES IN QL HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER

PART B

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE AND NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

PART C

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Principal Adviser for Part A



AFFIN HWANG INVESTMENT BANK BERHAD

(Registration No. 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The above proposals will be tabled as special businesses at the Company's 23rd Annual General Meeting ("**AGM**") to be conducted entirely through live streaming from the broadcast venue at QL Training Hall, No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor on Tuesday, 29 September 2020 at 10.00 a.m. whereby shareholders are to attend, speak (including posing questions to the Board of Directors of QL via real time submission of typed texts and vote (collectively, "participate") remotely at the 23rd AGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its TIIH Online website at <https://tiih.online>. Please follow the procedures of RPV as stated in the Administrative Guide.

The notice of AGM and Form of Proxy that are set out in the Company's Annual Report 2020 together with this Circular/Statement and Administrative Guide can be viewed and downloaded from the designated website link at <http://ql.listedcompany.com/newsroom.html>.

If you are unable to participate in the AGM and wish to appoint a proxy instead, the appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form (applicable to individual shareholders only)

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

Last date and time for lodging the Form of Proxy : Sunday, 27 September 2020 at 10.00 a.m.

Date and time of the AGM : Tuesday, 29 September 2020 at 10.00 a.m.

This Circular/Statement is dated 27 August 2020

DEFINITIONS

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

Act	:	Companies Act 2016
Affin Hwang IB	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
AGM	:	Annual General Meeting
Announcement	:	Announcement dated 29 June 2020 in relation to the Proposed Bonus Issue
Board	:	The Board of Directors of QL
Bonus Shares	:	Up to 811,219,129 new QL Shares to be issued pursuant to the Proposed Bonus Issue
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CBG (L)	:	CBG (L) Pte Ltd (Company No. LL13979), a company incorporated under the Labuan Companies Act 1990
CBG Foundation	:	CBG (L) Foundation (Registration No. LAF00282), a foundation established under the Labuan Foundations Act 2010
Circular	:	This circular to the shareholders of QL dated 27 August 2020
Code	:	The Malaysian Code on Take-Overs and Mergers 2016 read together with the Rules on Take-Overs, Mergers and Compulsory Acquisitions, including any amendments that may be made from time to time
Director(s)	:	Has the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and 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, a Director of QL, its subsidiary, holding company or associated companies or a chief executive of QL, its subsidiary, holding company or associated companies
Endau Group	:	QL Endau Marine Products Sdn. Bhd. (Registration No. 197301002787 (16212-D) and its wholly-owned subsidiary, namely, QL Endau Fishmeal Sdn. Bhd. (Registration No. 199601005296 (377642-T)) collectively
Entitled Shareholders	:	Shareholders of QL whose names appear in the Record of Depositors of the Company on the Entitlement Date
Entitlement Date	:	A date to be determined and announced later by the Board, on which the names of the shareholders of QL must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Bonus Issue
EPS	:	Earnings per Share

DEFINITIONS (CONT'D)

Farsathy	:	Farsathy Holdings Sdn. Bhd. (Registration No. 198001008003 (61787-X))
FYE	:	Financial year ended/ending, as the case may be
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 July 2020, being the latest practicable date prior to the printing of this Circular/Statement
Major Shareholder(s)	:	<p>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 number or the aggregate number of those shares, is:</p> <p>(a) 10% or more of the total number of voting shares in the Company; or</p> <p>(b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.</p> <p>For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act</p>
Market Day(s)	:	A day on which the stock market of the Bursa Securities is open for trading in securities
NA	:	Net assets
Person(s) Connected	:	<p>In relation to a Director or Major Shareholder (referred to as "said Person"), means such person who falls under any one of the following categories:</p> <p>(a) a family¹ member of the said Person;</p> <p>(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person or a family member of the said Person is the sole beneficiary;</p> <p>(c) a partner² of the said Person;</p> <p>(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;</p> <p>(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;</p>

¹ Means a person who is a spouse, parent, child (including an adopted child and stepchild), brother, sister and the spouse of the child (including an adopted child and stepchild), brother or sister

² In relation to a Director, Major shareholder, or a person connected with the Director or Major Shareholder, means a person with whom the Director, Major Shareholder or person connected with the Director or Major shareholder, is in or proposes to enter into partnership with. "Partnership" for this purpose refers to a "partnership" as defined in section 3 of the Partnership Act 1961 or "limited liability partnership" as defined in section 2 of the Limited Liability Partnerships Act 2012, as the case may be; or a person with whom the Director, Major Shareholder or person connected with a Director or Major Shareholder has entered or proposes to enter into a joint venture, whether incorporated or not.

DEFINITIONS (CONT'D)

	(f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
	(g) a body corporate which is a related corporation of the said Person
Proposed Bonus Issue	: Proposed bonus issue of up to 811,219,129 Bonus Shares on the basis of 1 Bonus Share for every 2 existing QL Shares held on the Entitlement Date
Proposed Renewal of and New RRPT Mandate	: Proposed renewal of existing shareholders' mandate for RRPT and new shareholders' mandate for additional RRPT
Proposed Renewal of Share Buy-Back Authority	: Proposed renewal for the Company to purchase its own Shares of up to 10% of the total number of issued shares
Proposed Share Buy-Back	: Proposed purchase by the Company of its own shares in accordance with Section 127 of the Act and the requirements of Bursa Securities and/or any other relevant authority
QL or the Company	: QL Resources Berhad (Registration No. 199701013419 (428915-X))
QL Farms Group	: QL Farms Sdn. Bhd. (Registration No. 198501000782 (133226-P)) and its wholly-owned subsidiary, namely, QL Breeder Farm Sdn. Bhd. (Registration No. 198501001739 (134186-X)) collectively
QL Group or Group	: QL and its subsidiaries collectively
QL Share(s) or Share(s)	: Ordinary share(s) in QL
Record of Depositors	: A record of securities holders established by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
Related Party/Parties	: A director, major shareholder or person connected with such Director or Major Shareholder
RM and sen	: Ringgit Malaysia and sen respectively
RRPT	: A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed issuer or its subsidiaries
RT	: Ruby Technique Sdn. Bhd. (Registration No. 199601033331 (405683-X))
Statement	: Share buy-back statement in relation to the Proposed Renewal of Share Buy-Back Authority dated 27 August 2020
Treasury Share(s)	: Shares purchased by the Company, which are retained as treasury shares
TEBP	: Theoretical ex-bonus price
VWAP	: Volume weighted average price

DEFINITIONS (CONT'D)

References to “we”, “us”, “our” and “ourselves” are to our Company, and where the context otherwise requires, our subsidiaries. All references to “you” are to our shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular/Statement to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular/Statement shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular/Statement between the amounts listed, actual figures and the totals thereof are due to rounding.

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TABLE OF CONTENTS

LETTER TO THE SHAREHOLDERS OF QL CONTAINING:

PART A: PROPOSED BONUS ISSUE	PAGE
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED BONUS ISSUE	2
3. RATIONALE FOR THE PROPOSED BONUS ISSUE	3
4. FINANCIAL EFFECTS OF THE PROPOSED BONUS ISSUE	4
5. HISTORICAL SHARE PRICES	5
6. APPROVALS REQUIRED	6
7. INTER-CONDITIONALITY	6
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	6
9. DIRECTORS' STATEMENT AND RECOMMENDATION	7
10. ESTIMATED TIMEFRAME FOR COMPLETION	7
11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION	7
12. AGM	7
13. FURTHER INFORMATION	8
 PART B: PROPOSED RENEWAL OF AND NEW RRPT MANDATE	
1. INTRODUCTION	9
2. DETAILS OF THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE	10
3. RATIONALE FOR THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE	21
4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE	21
5. CONDITIONS TO THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE	21
6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	22
7. DIRECTORS' STATEMENT AND RECOMMENDATION	23
8. AGM	23
9. FURTHER INFORMATION	24

TABLE OF CONTENTS (CONT'D)

PART C: SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	PAGE
1. INTRODUCTION	25
2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	25
3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	29
4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	30
5. CONDITIONS TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	30
6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	30
7. DIRECTORS' STATEMENT AND RECOMMENDATION	31
8. AGM	31
9. FURTHER INFORMATION	31
APPENDIX	
I FURTHER INFORMATION	32

PART A

**LETTER TO THE SHAREHOLDERS CONTAINING THE
PROPOSED BONUS ISSUE**



QL RESOURCES BERHAD
(Registration No. 199701013419 (428915-X))
(Incorporated in Malaysia)

Registered Office

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

27 August 2020

Board of Directors:

Chia Song Kun	<i>(Executive Chairman)</i>
Chia Song Kooi	<i>(Group Managing Director)</i>
Chia Seong Pow	<i>(Executive Director)</i>
Chia Song Swa	<i>(Executive Director)</i>
Chia Lik Khai	<i>(Executive Director)</i>
Low Teng Lum	<i>(Independent Non-Executive Director)</i>
Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris	<i>(Independent Non-Executive Director)</i>
Kow Poh Gek	<i>(Independent Non-Executive Director)</i>
Chan Wai Yen, Millie	<i>(Independent Non-Executive Director)</i>
Cynthia Toh Mei Lee	<i>(Independent Non-Executive Director)</i>
Wee Beng Chuan	<i>(Independent Non-Executive Director)</i>
Chia Seong Fatt	<i>(Alternate Director to Chia Seong Pow)</i>
Chia Mak Hooi	<i>(Alternate Director to Chia Song Swa)</i>
Cheah Juw Teck	<i>(Alternate Director to Chia Lik Khai)</i>

To: The shareholders of the Company

Dear Sir / Madam,

PROPOSED BONUS ISSUE

1. INTRODUCTION

On 29 June 2020, Affin Hwang IB had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Bonus Issue.

On 7 August 2020, Affin Hwang IB had, on behalf of the Board, announced that the listing application in relation to the Proposed Bonus Issue had been submitted to Bursa Securities.

On 12 August 2020, Affin Hwang IB had, on behalf of the Board, announced that Bursa Securities, had vide its letter dated 12 August 2020, approved the listing of and quotation for up to 811,219,129 Bonus Shares to be issued, pursuant to the Proposed Bonus Issue, on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 6** of this Circular.

THE PURPOSE OF THIS CIRCULAR TOGETHER WITH THE APPENDIX IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED BONUS ISSUE TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE TO BE TABLED AS A SPECIAL BUSINESS AT THE FORTHCOMING AGM. THE NOTICE OF AGM TOGETHER WITH THE FORM OF PROXY ARE SET OUT IN THE COMPANY'S ANNUAL REPORT 2020.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS TOGETHER WITH THE APPENDIX OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE TO BE TABLED AS A SPECIAL BUSINESS AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue will entail the issuance of up to 811,219,129 Bonus Shares on the basis of 1 Bonus Share for every 2 existing QL Shares held by the Entitled Shareholders on the Entitlement Date.

The basis of 1 Bonus Share for every 2 existing QL Shares was determined after taking into consideration, amongst others, the following:

- (i) the potential adjustments to the share price of QL Shares arising from the Proposed Bonus Issue; and
- (ii) the enlarged number of QL Shares after the Proposed Bonus Issue.

The Entitlement Date will be determined and announced at a later date after all the relevant approvals for the Proposed Bonus Issue have been obtained.

As at the LPD, the issued share capital of the Company is RM620,024,896 comprising 1,622,438,259 QL Shares. Upon completion of the Proposed Bonus Issue, the issued share capital of the Company will remain at RM620,024,896 while the number of issued shares will increase to up to 2,433,657,388 QL Shares.

Fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded, and/or dealt with by the Board in such manner as it may in its absolute discretion deem fit or expedient and in the best interest of the Company.

The Proposed Bonus Issue will not be implemented on a staggered basis.

There will be an adjustment to the market price of QL Shares listed and quoted on the Main Market of Bursa Securities pursuant to the Proposed Bonus Issue. For illustrative purposes, based on the 5-day VWAP of QL Shares up to and including the LPD of RM9.70, the TEBP of QL Shares is RM6.47.

Further, the Board confirms that the share price adjusted for the Proposed Bonus Issue is not less than RM0.50 based on the daily VWAP of QL Shares during the 3-month period up to and including 6 August 2020 (being the date immediately preceding the submission of the application to Bursa Securities on 7 August 2020) pursuant to Paragraph 6.30(1A) of the Listing Requirements.

For illustrative purposes, based on the daily VWAP of QL Shares during the 3-month period up to and including 6 August 2020 (being the date immediately preceding the submission of the application to Bursa Securities on 7 August 2020) which ranged between RM8.09 and RM9.92, the TEBP of QL Shares ranged between RM5.39 and RM6.61.

2.2 No capitalisation of reserves

The Bonus Shares in respect of the Proposed Bonus Issue will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

For the avoidance of doubt, the Proposed Bonus Issue will increase the number of QL Shares but will not increase the value of the share capital of QL.

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing QL Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the Bonus Shares.

As QL Shares are prescribed securities under Section 14(5) of the Security Industry (Central Depositories) Act 1991, the Bonus Shares will be credited directly into the respective central depository system accounts of the Entitled Shareholders and no physical share certificates will be issued.

2.4 Listing of and quotation for the Bonus Shares

Bursa Securities had vide its letter dated 12 August 2020, approved the listing of and quotation for up to 811,219,129 Bonus Shares to be issued, pursuant to the Proposed Bonus Issue, on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 6** of this Circular.

Upon obtaining all the necessary approvals, the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders no later than 4 market days after the date of listing of and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue serves to reward the existing shareholders of the Company for their loyalty and continued support to the QL Group and is carried out in conjunction with QL's 20 years of listing.

After due consideration of the various options available, the Board is of the view that the Proposed Bonus Issue is an appropriate avenue for the Company to reward its shareholders as the Proposed Bonus Issue:

- (i) will enable the existing shareholders to have greater participation in the equity of the Company in terms of the number of QL Shares held, whilst maintaining their percentage of equity interest; and
- (ii) is expected to enhance the marketability and trading liquidity of QL Shares on the Main Market of Bursa Securities, thereby providing opportunity for greater participation from a broader range of investors.

4. FINANCIAL EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued share capital

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue on the issued share capital of the Company as at the LPD, are as follows:

	No. of QL Shares	RM
Issued share capital as at the LPD	1,622,438,259	620,024,896
QL Shares to be issued pursuant to the Proposed Bonus Issue	811,219,129	-
Enlarged issued share capital after the Proposed Bonus Issue	2,433,657,388	620,024,896

4.2 NA, NA per QL Share and gearing

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue on the NA, NA per QL Share and gearing of the QL Group based on the latest audited consolidated financial statements of QL as at 31 March 2020 are as follows:

Group Level	Audited as at 31 March 2020 RM'000	(I) Adjusted for subsequent event RM'000	(II) After (I) and the Proposed Bonus Issue RM'000
Share capital	620,025	620,025	620,025
Translation reserves	(136,276)	(136,276)	(136,276)
Hedging reserve	(31,926)	(31,926)	(31,926)
Retained profit	1,565,693	⁽ⁱ⁾ 1,492,683	⁽ⁱⁱ⁾ 1,492,583
Shareholders' funds/ NA	2,017,516	1,944,506	1,944,406
No. of QL Shares in issue ('000)	1,622,438	1,622,438	⁽ⁱⁱⁱ⁾ 2,433,657
NA per QL Share (RM'000)	1.24	1.20	0.80
Total borrowings (RM'000)	1,305,843	1,305,843	1,305,843
Cash and cash equivalents (RM'000)	308,200	⁽ⁱ⁾ 235,190	⁽ⁱⁱ⁾ 235,090
Gross Gearing ratio (times)^(iv)	0.65	0.67	0.67
Net gearing ratio (times)^(v)	0.49	0.55	0.55

Notes:

- (i) After adjusting for the proposed final single-tier dividend of 4.50 sen per QL Share which was announced on 29 June 2020 for the FYE 31 March 2020 and is subject to the approval of the shareholders at the forthcoming AGM ("**Proposed Final Dividend**"). The Proposed Final Dividend was computed based on 1,622,438,259 QL Shares as at the LPD.
- (ii) After deducting the estimated expenses in relation to the Proposed Bonus Issue of approximately RM100,000.
- (iii) After issuance of 811,219,129 Bonus Shares pursuant to the Proposed Bonus Issue.
- (iv) Gross gearing ratio refers to total borrowings divided by NA.
- (v) Net gearing ratio refers to total borrowings net of cash and cash equivalents, divided by NA.

4.3 Earnings and EPS

The Proposed Bonus Issue is not expected to have any effect on the earnings of the QL Group for the FYE 31 March 2021. However, as a result of the increase in the number of QL Shares in issue arising from the Proposed Bonus Issue, there will be a corresponding dilution in the EPS of the QL Group for the FYE 31 March 2021.

4.4 Substantial shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the percentage of shareholdings of the substantial shareholders of QL as the Bonus Shares will be allotted on a pro-rata basis to all shareholders of the Company. However, the number of QL Shares held by each substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

4.5 Convertible securities

As at the LPD, the Company does not have any other convertible securities.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the QL Shares as traded on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	Low RM	High RM
2019		
August	6.66	7.00
September	6.82	7.23
October	6.98	7.30
November	7.18	7.45
December	7.22	8.35
2020		
January	8.00	8.30
February	7.95	8.65
March	6.50	8.40
April	7.38	8.28
May	8.00	10.20
June	8.65	10.08
July	9.50	10.00

Last transacted price of QL Shares on 26 June 2020
(being the latest date prior to the Announcement) 9.48

Last transacted market price on 21 August 2020
(being the latest practicable date prior to the printing of this Circular) 9.61

(Source: Bloomberg)

6. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the approvals being obtained from the following:

- (i) Bursa Securities for the listing of and quotation for up to 811,219,129 Bonus Shares to be issued, pursuant to the Proposed Bonus Issue, on the Main Market of Bursa Securities.

The approval from Bursa Securities for the Proposed Bonus Issue was obtained vide its letter dated 12 August 2020, and is subject to the following conditions:

No.	Conditions	Status of compliance
(1)	QL must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;	To be complied.
(2)	QL to inform Bursa Securities upon the completion of the Proposed Bonus Issue;	To be complied.
(3)	QL to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;	To be complied.
(4)	QL is required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements in relation to the Proposed Bonus Issue;	To be complied.
(5)	QL to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at a general meeting for the Proposed Bonus Issue; and	To be complied.
(6)	Payment of outstanding processing fee based on the market value of the Bonus Shares to be listed (based on the adjusted price), if applicable. In this respect, the Company is required to furnish Bursa Securities a cheque drawn to the order of Bursa Malaysia Securities Berhad for the outstanding processing fee together with a copy of the details of the computation of the amount of fees payable.	To be complied.

- (ii) the shareholders of QL at the forthcoming AGM to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

7. INTER-CONDITIONALITY

The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and chief executive of the Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements to the Bonus Shares as shareholders of QL, to which all other Entitled Shareholders are similarly entitled.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale and effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and its shareholders.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Bonus Issue to be tabled as a special business at the forthcoming AGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue is expected to be completed by the fourth quarter of 2020.

The tentative timetable for the implementation of the Proposed Bonus Issue is as follows:

Tentative timeline	Key milestones
29 September 2020	<ul style="list-style-type: none">▪ Convening AGM to obtain the approval of shareholders of QL for the Proposed Bonus Issue
End September 2020	Announcement of the Entitlement Date for the Proposed Bonus Issue
Mid October 2020	<ul style="list-style-type: none">▪ Entitlement Date▪ Listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities▪ Completion of the Proposed Bonus Issue

11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Bonus Issue, the Board confirms that there is no other outstanding corporate exercise which has been announced but pending completion as at the LPD.

12. AGM

The Proposed Bonus Issue will be tabled as a special business at the 23rd AGM to be conducted entirely through live streaming on Tuesday, 29 September 2020 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing the resolutions as set out in the Notice of AGM in the Company's annual report 2020, which can be viewed and downloaded from the designated website link at <http://ql.listedcompany.com/newsroom.html> together with this Circular/Statement and Administrative Guide.

If you are unable to participate the AGM and wish to appoint a proxy instead, the appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

- (ii) By electronic form (applicable to individual shareholders only)

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

13. FURTHER INFORMATION

Shareholders are advised to refer to **Appendix I** as set out in this Circular for further information.

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

CHIA SONG KUN
Executive Chairman

PART B

**LETTER TO THE SHAREHOLDERS CONTAINING THE PROPOSED
RENEWAL OF AND NEW RRPT MANDATE**



QL RESOURCES BERHAD
(Registration No. 199701013419 (428915-X))
(Incorporated in Malaysia)

Registered Office

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

27 August 2020

Board of Directors:

Chia Song Kun	<i>(Executive Chairman)</i>
Chia Song Kooi	<i>(Group Managing Director)</i>
Chia Seong Pow	<i>(Executive Director)</i>
Chia Song Swa	<i>(Executive Director)</i>
Chia Lik Khai	<i>(Executive Director)</i>
Low Teng Lum	<i>(Independent Non-Executive Director)</i>
Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris	<i>(Independent Non-Executive Director)</i>
Kow Poh Gek	<i>(Independent Non-Executive Director)</i>
Chan Wai Yen, Millie	<i>(Independent Non-Executive Director)</i>
Cynthia Toh Mei Lee	<i>(Independent Non-Executive Director)</i>
Wee Beng Chuan	<i>(Independent Non-Executive Director)</i>
Chia Seong Fatt	<i>(Alternate Director to Chia Seong Pow)</i>
Chia Mak Hooi	<i>(Alternate Director to Chia Song Swa)</i>
Cheah Juw Teck	<i>(Alternate Director to Chia Lik Khai)</i>

To: The shareholders of the Company

Dear Sir / Madam,

PROPOSED RENEWAL OF AND NEW RRPT MANDATE

The purpose of this Circular is to provide you with details of the Proposed Renewal of and New RRPT Mandate and to seek your approval for the resolutions pertaining to the same to be tabled at the forthcoming AGM.

1. INTRODUCTION

At the AGM held on 29 August 2019, the Company obtained shareholders' mandate on the Proposed Renewal of and New RRPT Mandate. The aforesaid mandate will expire at the conclusion of the forthcoming AGM which will be conducted entirely through live streaming on Tuesday, 29 September 2020 unless renewal is obtained.

On 4 August 2020, the Board announced the Company's intention to seek shareholders' approval for the Proposed Renewal of and New RRPT Mandate.

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

2. DETAILS OF THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE

2.1 Introduction

QL is an investment holding company while its subsidiaries are mainly involved in businesses and activities relating to marine products manufacturing, integrated livestock farming, palm oil, biomass energy and convenience store. The details of the principal activities of the subsidiaries are set out in Note 35 of the Company's annual report 2020.

Under Part E, Chapter 10.09 of the Listing Requirements, 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 them 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, at which such mandate will lapse, unless by a resolution passed at a general meeting, the authority is renewed;

- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting,
- whichever is the earlier.

2.2 Classes of Related Parties

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

- (i) Sin Teow Fatt Trading Co is a sole proprietorship dealing with marine products, sundry goods and ice and it is owned by Mr. Cheah Yaw Song who is also Director of QL Foods Sdn. Bhd. ("**QL Foods**"), QL Fishmeal Sdn. Bhd. and members of the Chia Family.
- (ii) Fusipim Sdn. Bhd. ("**Fusipim**") is a company involved in processing of frozen and non-frozen seafood, operation of cold storage and warehouse as well as powder based products. 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.
- (iii) Cheah Joo Kiang Enterprise is a sole proprietorship established by Mr. Cheah Joo Kiang, 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.
- (iv) Keang Huat Trading Sdn. Bhd. ("**KH**") is a trading company of all kinds of hardware, marine engines, fishing and other related activities. KH is a Major Shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. ("**QLEMP**"). Mr. Sim Chin Swee is a Director and Major Shareholder of both KH and QLEMP. QLEMP is 70.59% owned by QL.
- (v) Perikanan Sri Tanjung Sdn. Bhd. ("**PST**") is a company engaged in manufacturing, trading and processing of deep sea fish, diesel and provision of transportation services. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP. He is also a Director of PST and has indirect interests in PST via his children. Whereas, Mr. Heng Hup Peng is a Director of Endau Group and shareholder of QLEMP as well as a Director and Major Shareholder of PST.
- (vi) Timurikan Trengganu Marine Products Sdn. Bhd. ("**TTMP**") is a company engaged in marine products manufacturing, trading of edible fishes, frozen fishes and other aquatic animals. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP. He is also a Director of TTMP and has indirect interest in TTMP via his child. Whereas, Mr. Heng Hup Peng is a Director of Endau Group and shareholder of QLEMP as well as a Director and Major Shareholder of TTMP.
- (vii) M.B. Agriculture (Sabah) Sdn. Bhd. ("**MB (Sabah)**") is engaged in livestock farming and is 77.67% and 22.33% owned by Imbangan Lestari Sdn. Bhd. ("**Imbangan**") and Farsathy respectively. Imbangan is a wholly-owned subsidiary of CBG Foundation, an entity that has indirect interests in QL via CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.
- (viii) C-Care Enterprise Sdn. Bhd. ("**C-Care**") is engaged in businesses of wholesale and retail of sundry and other consumable goods and frozen foods. Mr. Chia Soon Hooi and his spouse Madam Low Sok Peng 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 and member of the Chia Family whereas Mr. Chia Mak Hooi is a Director and shareholder of QL.

- (ix) Arena Dijaya Sdn. Bhd. (“**Arena**”) is engaged in livestock farming and is 77.67% and 22.33% owned by Imbangan and Farsathy respectively. Imbangan is a wholly-owned subsidiary of CBG Foundation, an entity that has indirect interests in QL via CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.
- (x) M.B. Agriculture (Sandakan) Sdn. Bhd. (“**MB (Sandakan)**”) is engaged in livestock farming and is 77.67% and 22.33% owned by Imbangan and Farsathy respectively. Imbangan is a wholly-owned subsidiary of CBG Foundation, an entity that has indirect interests in QL via CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.
- (xi) 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.
- (xii) Perikanan Hap Huat Sdn. Bhd. (“**PHH**”) is a wholesaler and engaged in trading of frozen edible fishes and other aquatic animals. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP. He is also a Director of PHH and has indirect interests in PHH via his children. Whereas, Mr. Heng Hup Peng is a Director of Endau Group and shareholder of QLEMP as well as a Director and Major Shareholder of PHH.
- (xiii) Hai Hong Fishery Sdn. Bhd. (“**HHF**”) is engaged in trading of fish, all types of fishery and seafood products as well as carry on fisheries activities. Mr Heng Hup Peng is a Director and shareholder of QLEMP as well as a Director and Major Shareholder of HHF.
- (xiv) Highglobal Properties Sdn. Bhd. (“**HP**”) is engaged in the cultivation of oil palm, sales of fresh fruit bunches, sales of gravel and rearing of swiftlets. It is 33% owned by MB (Sandakan), which in turn is 77.67% and 22.33% owned by Imbangan and Farsathy respectively. Imbangan is a wholly-owned subsidiary of CBG Foundation, an entity that has indirect interests in QL via CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.
- (xv) Total Icon Sdn. Bhd. (“**TI**”) is engaged in sales of fresh fruit bunches and rearing of swiftlets. Mr. Chia Seong Fatt, Mr. Chia Lik Khai and Mr. Chia Seong Pow are Major Shareholders of TI with a total shareholding of 40% in TI. Mr. Chia Seong Fatt is Director of QL Plantation Sdn. Bhd. and QL Farms Sdn. Bhd. whilst Mr. Chia Lik Khai is Director of QLP. Mr. Chia Seong Fatt and Mr. Chia Seong Pow are brothers and they are also Directors and Major Shareholders of QL. Mr. Chia Lik Khai is also the Director and shareholder of QL.
- (xvi) Timurikan Trengganu Sdn. Bhd. (“**TT**”) is a company engaged in deep sea fishing. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP. He is also a Director of TT and has indirect interest in TT via his child. Whereas, Mr. Heng Hup Peng is a Director of Endau Group and shareholder of QLEMP as well as a Director and Major Shareholder of TT.
- (xvii) Credential Development Sdn. Bhd. (“**CD**”) is an investment holding company and a wholly-owned subsidiary of CBG Holdings Sdn. Bhd. (“**CBG**”). Dr Chia is a Director and Major Shareholder of CD and CBG. Dr Chia is the Major Shareholder of CBG and deemed to have interest in QL Foods, a body corporate in which Dr Chia and his spouse is entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares.

2.3 Relationships of persons as set out in Section 2.2 above with the interested Directors and/or interested Major Shareholders of QL and Persons Connected to them

Name of persons	Interested Directors and/or interested Major Shareholders of QL and Persons Connected to them	Nature of relationship with the interested Directors and/or interested Major Shareholders and Persons Connected to them
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 Bak Lang	Chia Song Kun	Spouse
Eng Seng Poo	Chia Song Kun	Brother-in-law
Chia Suan Hooi Chia Siang Eng Chia Chong Lang Chia Bak Lang	Chia Seong Pow and Chia Seong Fatt	Siblings
Liu Sin	Chia Seong Pow and Chia Seong Fatt	Brother-in-law
Koh Kwee Choo	Chia Seong Pow	Spouse
Sim Ahi Yok	Chia Seong Fatt	Spouse
Chia Teow Guan Chia Soon Hooi Low Sok Peng	Chia Mak Hooi Chia Mak Hooi Chia Mak Hooi	Father Brother Sister-in-law
Cheah Joo Kiang Cheah Yaw Song	Cheah Juw Teck Cheah Juw Teck	Brother Father
Eng Siew Yong	Cheah Juw Teck	Sister-in-law

Name of persons	Interested Directors and/or interested Major Shareholders and Persons Connected to them	Nature of relationship with the interested Directors and/or interested Major Shareholders and Persons Connected to them
Chia Song Kun Chia Song Kang Chia Song Pou Chia Song Swa Chia Song Kooi Cheah Yaw Song Chia Song Phuan Chia Teow Guan Chia Cheong Soong	CBG Foundation	Council member and beneficiary
Chia Bak Lang Chia Mak Hooi	CBG Foundation	Beneficiary
Chia Song Kun Chia Song Kang Chia Song Pou Chia Song Swa Chia Song Kooi Cheah Yaw Song Chia Song Phuan Chia Teow Guan Chia Mak Hooi	CBG (L)#	Director
Chia Seong Pow Chia Suan Hooi Chia Seong Fatt Chia Chong Lang Sim Ahi Yok Chia Chw Pew Koh Kwee Choo Chia Chew Seng Chia Chiew Yang Chia Chew Ngee	Farsathy^	Director and beneficial shareholder Beneficial shareholder

Notes:

The entire shareholdings in CBG (L) is held by CBG Foundation.

^ The entire shareholdings in Farsathy is 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’s trust.

2.4 Nature of RRPT and Estimated Value

The following is the existing and additional RRPT of which approval is being sought for the Proposed Renewal of and New RRPT Mandate at the forthcoming AGM:

2.4.1 Existing RRPT

(a) Transactions between QL Group and companies in which Mr. Chia Song Kun and person(s) connected to him have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM ⁽¹⁾ (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)
1.	Purchase of raw fish by QL Foods Sdn. Bhd. ("QL Foods")	Sin Teow Fatt Trading Co	1,000	1,000	657
2.	Sale of surimi and surimi-based product by QL Group	Fusipim Sdn. Bhd.	28,000	3,800	3,774
3.	Sale of surimi-based product by QL Foods	Cheah Joo Kiang Enterprise	5,000	5,000	3,544
4.	Sale of animal feed and lubricant by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	20,000	17,945
5.	Sale of surimi-based product by QL Foods	C-Care Enterprise Sdn. Bhd.	3,000	3,000	2,245
6.	Sale of animal feed and purchase of packing material by QL Group	Arena Dijaya Sdn. Bhd.	4,020	4,020	4,315
7.	Sale of animal feed, chicken part, egg, sundries, broiler, meat/frozen food and organic fertilizer as well as purchase of raw material and packing material by QL Group	M.B. Agriculture (Sandakan) Sdn. Bhd.	9,900	9,900	8,624
8.	Purchase of fresh fruit bunch and ERP fertilizer by QL Plantation Sdn. Bhd. ("QLP")		900	850	441
9.	Purchase of packing material by QL Group	E Koon Plastics Trading	3,100	3,100	2,191
10.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	400	300	274
11.	Sale of organic fertilizer by QL Farms Group		80	80	-

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM ⁽¹⁾ (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)
12.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	300	200	141
13.	Sale of organic fertilizer by QL Farms Group		40	40	-
	Total		75,740	51,290	44,151

Note:

(1) The new estimated value is based on the Management's estimate which takes into account the transacted amount for the FYE 31 March 2020 as well as the changing economic and competitive environment. Announcement will be made accordingly if the total actual value exceeds the total estimated value by 10% or more.

(b) Transactions between QL Group and companies in which Mr. Chia Seong Pow/Mr. Chia Seong Fatt and person(s) connected to them have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM ⁽¹⁾ (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)
1.	Sale of animal feed and lubricant by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	20,000	17,945
2.	Sale of animal feed and purchase of packing material by QL Group	Arena Dijaya Sdn. Bhd.	4,020	4,020	4,315
3.	Sale of animal feed, chicken part, egg, sundries, broiler, meat/frozen food and organic fertilizer as well as purchase of raw material and packing material by QL Group	M.B. Agriculture (Sandakan) Sdn. Bhd.	9,900	9,900	8,624
4.	Purchase of fresh fruit bunch and ERP fertilizer by QLP		900	850	441
5.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	400	300	274
6.	Sale of organic fertilizer by QL Farms Group		80	80	-
7.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	300	200	141

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM ⁽¹⁾ (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)
8.	Sale of organic fertilizer by QL Farms Group		40	40	-
	Total		35,640	35,390	31,740

Note:

- (1) The new estimated value is based on the Management's estimate which takes into account the transacted amount for the FYE 31 March 2020 as well as the changing economic and competitive environment. Announcement will be made accordingly if the total actual value exceeds the total estimated value by 10% or more.

(c) Transactions between QL Group and companies in which Mr. Sim Chin Swee and person(s) connected to him have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM ⁽¹⁾ (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)
1.	Purchase of spare parts by Endau Group	Keang Huat Trading Sdn. Bhd.	1,500	6,500	278
2.	Purchase of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	2,000	2,000	1,083
3.	Purchase of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	500	500	84
4.	Purchase of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	500	100	207
5.	Purchase of fish by Endau Group	Timurikan Trengganu Sdn. Bhd.	3,000	3,000	1,015
	Total		7,500	12,100	2,667

Note:

- (1) The new estimated value is based on the Management's estimate which takes into account the transacted amount for the FYE 31 March 2020 as well as the changing economic and competitive environment. Announcement will be made accordingly if the total actual value exceeds the total estimated value by 10% or more.

(d) Transactions between QL Group and companies in which Mr. Heng Hup Peng and person(s) connected to him have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM ⁽¹⁾ (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)
1.	Purchase of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	2,000	2,000	1,083
2.	Purchase of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	500	500	84
3.	Purchase of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	500	100	207
4.	Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600	600	427
5.	Purchase of fish by Endau Group	Timurikan Trengganu Sdn. Bhd.	3,000	3,000	1,015
	Total		6,600	6,200	2,816

Note:

(1) The new estimated value is based on the Management's estimate which takes into account the transacted amount for the FYE 31 March 2020 as well as the changing economic and competitive environment. Announcement will be made accordingly if the total actual value exceeds the total estimated value by 10% or more.

2.4.2 Additional RRPT

(a) Transactions between QL Group and companies in which Mr. Chia Song Kun and person(s) connected to him have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM ⁽¹⁾ (RM'000)
1.	Sale of frozen fish by QL Marine Products Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	200
2.	Sale of animal health product by QL Pacific Vet Group Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	200
		Arena Dijaya Sdn. Bhd.	100
		M.B. Agriculture (Sabah) Sdn. Bhd.	200
3.	Provision of rental of property to QL Foods	Credential Development Sdn. Bhd.	60
4.	Purchase of raw fish by QL Fishmeal Sdn. Bhd.	Sin Teow Fatt Trading Co.	20
	Total		780

Note:

(1) *The new estimated value is based on the Management's estimate which takes into account the transacted amount for the FYE 31 March 2020 as well as the changing economic and competitive environment. Announcement will be made accordingly if the total actual value exceeds the total estimated value by 10% or more.*

(b) Transactions between QL Group and companies in which Mr. Chia Seong Pow/Mr. Chia Seong Fatt and person(s) connected to them have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM ⁽¹⁾ (RM'000)
1.	Sale of frozen fish by QL Marine Products Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	200
2.	Sale of animal health product by QL Pacific Vet Group Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	200
		Arena Dijaya Sdn. Bhd.	100
		M.B. Agriculture (Sabah) Sdn. Bhd.	200
	Total		700

Note:

(1) *The new estimated value is based on the Management's estimate which takes into account the transacted amount for the FYE 31 March 2020 as well as the changing economic and competitive environment. Announcement will be made accordingly if the total actual value exceeds the total estimated value by 10% or more.*

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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 FYE 31 March 2020.

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

2.6 Review and disclosure procedures for RRPT

The Board had established the methods and procedures in reviewing the RRPT to ensure that the pricing and other terms of the RRPT are consistent with the existing usual business practices and standards adopted by the Group in transactions with non-related parties. The Board will also ensure that the RRPT are conducted on an arm's length and on normal commercial terms taking into account prevailing market conditions and are not detrimental to the minority shareholders. The said methods and procedures are as follows:

- (i) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be obtained and 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.
- (ii) 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.
- (iii) Any potential RRPT are subject to the approval by the Executive Chairman before the transactions are being entered into by QL Group and there is no specific threshold for such approval. The RRPT report that have been compiled, checked, verified and signed by the respective parties in charge are kept by the Secretarial Department.
- (iv) The said RRPT report (including those without shareholders' mandate) will then be circulated to members of the Audit Committee and the Board on quarterly basis for review and approval, where necessary.
- (v) 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. The members of the Audit Committee shall review the RRPT report to ensure that the RRPT have been transacted on arm's length basis and on commercial terms not detrimental to the Group.
- (vi) The Audit Committee shall also 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.
- (vii) Details of the RRPT in respect of the transactions conducted pursuant to the shareholders' mandate during the financial year will be disclosed in the Company's annual report.

2.7 Audit Committee Statement

The Audit Committee of the Company has reviewed the procedures as stipulated under Section 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 FOR 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 arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public.

4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE

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

5. CONDITIONS TO THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE

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

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6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the other Directors and/or Major Shareholders in QL and Person Connected with them are interested in the Proposed Renewal of and New RRPT Mandate.

The direct and indirect interests of the interested Directors and/or Major Shareholders in QL and Persons Connected with them as at 31 July 2020 are as follows:

Name/Company	Number of Shares ('000)			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
<u>Major Shareholders</u>				
CBG (L)	657,873	40.55	-	-
Farsathy	187,755	11.57	-	-
<u>Interested Directors</u>				
Chia Song Kun	877	0.05	671,362 ^a	41.38
Chia Song Kooi	1,131	0.07	3,123 ^b	0.19
Chia Seong Pow	2,360	0.15	193,250 ^c	11.91
Chia Seong Fatt	260	0.02	191,136 ^c	11.78
Chia Song Swa	737	0.05	2,510 ^b	0.15
Chia Mak Hooi	2,526	0.16	476 ^d	0.03
Cheah Juw Teck	3,240	0.20	1,300 ^b	0.08
Chia Lik Khai	1,751	0.11	190 ^d	0.01
<u>Persons Connected</u>				
Liu Sin	1,751	0.11	7,027 ^d	0.43
Chia Siang Eng	7,027	0.43	1,751 ^d	0.11
Cheah Yaw Song	3,214	0.20	1,082 ^d	0.07
Chia Song Phuan	6,688	0.41	5,360 ^d	0.33
Chia Song Pou	5,314	0.33	1,410 ^d	0.09
Chia Song Kang	3,018	0.19	140 ^d	0.01
Chia Teow Guan	1,974	0.12	-	-
Chia Kah Chuan	2,045	0.13	-	-
Eng Seng Poo	1,334	0.08	-	-
Chia Cheong Soong	54	-	-	-
Chia Suan Hooi	1,815	0.11	-	-
Chia Chong Lang	409	0.02	-	-
Chia Bak Lang	4,510	0.28	671,684 ^a	41.40
Koh Kwee Choo	2,340	0.14	195,493 ^c	12.05
Chia Soon Hooi	646	0.04	-	-
Low Sok Peng	282	0.02	-	-
Eng Siew Yong	1,589	0.10	-	-
Chia Chw Pew	1,255	0.08	-	-
Chia Chew Seng	533	0.03	-	-
Chia Chew Ngee	165	0.01	-	-
Chia Chiew Yang	228	0.01	-	-
Sim Ahi Yok	80	-	191,316 ^c	11.79
Cheah Joo Kiang	867	0.05	-	-

Notes:

- (1) *The percentage shareholding is calculated based on 1,622,438,259 Shares in circulation.*
- (a) *Deemed interest via own and spouse's interests in CBG (L), Song Bak Holdings Sdn. Bhd. and own and spouse's indirect interests in RT as well as spouse's, children's and their spouse's interests in QL.*
- (b) *Deemed interest via spouse's and child/children's interests in QL.*
- (c) *Deemed interest via own and spouse's beneficial interests in Farsathy, own and spouse's indirect interests in RT, spouse and children's interests in QL.*
- (d) *Deemed interest via spouse's interests in QL.*

The interested Directors and Major Shareholders of the Company and Persons Connected with them as mentioned under Section 2.3 above 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. The interested Directors have and will continue to abstain from board deliberation on relevant transactions that they are interested in.

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

7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Directors (except the interested Directors), 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 Directors who are interested in the Proposed Renewal of and New RRPT Mandate and have refrained from making any recommendations in respect of this resolution, the other Directors recommend that you vote in favour of the resolution pertaining to the Proposed Renewal of and New RRPT Mandate to be tabled as a special business at the forthcoming AGM.

8. AGM

The Proposed Renewal of and New RRPT Mandate will be tabled as special business at the 23rd AGM to be conducted entirely through live streaming on Tuesday, 29 September 2020 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing the resolutions as set out in the Notice of AGM in the Company's annual report 2020, which can be viewed and downloaded from the designated website link at <http://ql.listedcompany.com/newsroom.html> together with this Circular/Statement and Administrative Guide.

If you are unable to participate the AGM and wish to appoint a proxy instead, the appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

- (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

- (ii) By electronic form (applicable to individual shareholders only)

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

9. FURTHER INFORMATION

Shareholders are advised to refer to **Appendix I** as set out in this Circular for further information.

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

CHIA SONG KUN
Executive Chairman

PART C

**SHARE BUY-BACK STATEMENT IN RELATION TO THE
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**



QL RESOURCES BERHAD
(Registration No. 199701013419 (428915-X))
(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the AGM held on 29 August 2019, the Company obtained shareholders' mandate on the Proposed Renewal of Share Buy-Back Authority. The aforesaid mandate will expire at the conclusion of the forthcoming AGM which will be conducted entirely through live streaming on Tuesday, 29 September 2020 unless renewal is obtained.

On 4 August 2020, the Board announced the Company's intention to seek shareholders' approval for the Proposed Renewal of Share Buy-Back Authority.

The purpose of this Statement is to provide you with the details and information of the Proposed Renewal of Share Buy-Back Authority, to set out the recommendation made by the Board and to seek your approval for the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the Company's forthcoming AGM or at any adjournment thereof.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Board seeks your approval to purchase QL Shares, from time to time provided that the aggregate number of Shares purchased and/or retained as Treasury Shares shall not exceed 10% of the total number of issued shares of the Company at the time of purchase.

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, amongst others, market conditions, the availability of the retained profits and the financial resources available to QL Group as well as Bursa Securities' requirement to maintain the minimum shareholding spread and minimum share capital.

The mandate for the Proposed Share Buy-Back will be effective immediately upon passing of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority at the forthcoming AGM, and will continue to 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 that 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; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the retained profits of the Company. The retained profits of the Company based on the audited financial statements for the FYE 31 March 2020 is RM344,745,000.

The retained profits of the Company based on its unaudited management accounts as at 31 July 2020 is RM343,387,092.

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.

The Company may only purchase its own Shares on the Bursa Securities at a price which is not more than 15% above the VWAP for the Shares for the 5 Market Days immediately before the purchase.

The Treasury Shares arising from the Proposed Share Buy-Back can be resold at:

- (a) a price not less than the 5 Market Days VWAP of the Shares immediately before the resale; or
- (b) a discounted price of not more than 5% to the 5 Market Days VWAP of the Shares immediately before the resale provided that:
 - (i) the resale takes place not earlier than 30 days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the shares being resold.

The aforesaid Treasury Shares shall not be entitled to any of the rights 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 the Company's constitution 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:

- (a) cancel all or part of the Shares so purchased;
- (b) retain all or part of the Shares so purchased as Treasury Shares;
- (c) distribute the Treasury Shares as share dividends to the Company's shareholders for the time being;
- (d) transfer the Treasury Shares, or any part thereof as purchase consideration and/or for the purposes of or under an employees' share scheme; and/or
- (e) to resell the Treasury Shares on Bursa Securities.

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

2.1 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 forgoing 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 utilised 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 the 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 ensure that the bank borrowings will not have a material impact on the cash flows or earnings of the Company.

In any event, the Board will ensure that the Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Renewal of Share Buy-Back.

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.

2.2 Directors' and Major Shareholders' shareholdings

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at 31 July 2020, 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 31 July 2020 ⁽¹⁾				After the Proposed Share Buy-Back ⁽²⁾⁽³⁾			
	Number of Shares ('000)				Number of Shares ('000)			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Major Shareholders								
CBG (L)	657,873	40.55	-	-	657,873	45.05	-	-
Farsathy	187,755	11.57	-	-	187,755	12.86	-	-
Directors								
Chia Song Kun	877	0.05	671,362 ^a	41.38	877	0.06	671,362 ^a	45.98
Chia Song Kooi	1,131	0.07	3,123 ^b	0.19	1,131	0.08	3,123 ^b	0.21
Chia Seong Pow	2,360	0.15	193,250 ^c	11.91	2,360	0.16	193,250 ^c	13.23
Chia Seong Fatt	260	0.02	191,136 ^c	11.78	260	0.02	191,136 ^c	13.09
Chia Song Swa	737	0.05	2,510 ^b	0.15	737	0.05	2,510 ^b	0.17
Chia Mak Hooi	2,526	0.16	476 ^d	0.03	2,526	0.17	476 ^d	0.03
Cheah Juw Teck	3,240	0.20	1,300 ^b	0.08	3,240	0.22	1,300 ^b	0.09
Chia Lik Khai	1,751	0.11	190 ^d	0.01	1,751	0.12	190 ^d	0.01
Kow Poh Gek	-	-	9 ^e	*	-	-	9 ^e	*
Low Teng Lum	4	*	81 ^d	*	4	*	81 ^d	*

Notes:

* Negligible.

(1) The percentage shareholding is calculated based on 1,622,438,259 Shares in circulation.

(2) The percentage shareholding is calculated based on 1,460,194,434 Shares in circulation assuming a maximum of 162,243,825 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 Malaysia 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 own and spouse's interests in CBG (L), Song Bak Holdings Sdn. Bhd., own and spouse's indirect interest in RT as well as spouse's, children's and their spouse's interests in QL.*
- b *Deemed interest via spouse's and child/children's interest in QL.*
- c *Deemed interest via own and spouse's beneficial interests in Farsathy, own and spouse's indirect interest in RT, spouse and children's interests in QL.*
- d *Deemed interest via spouse's interest in QL.*
- e *Deemed interest via child's interest in QL.*

2.3 Public Shareholding Spread

As at 31 July 2020, the public shareholding spread of the Company is 41.61%. The public shareholding spread is expected to be reduced to 35.12% 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.

2.4 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 Malaysia for an exemption to undertake a mandatory offer pursuant to the Code.

2.5 Purchases of QL Shares, resale of Treasury Shares and cancellation of Shares in the previous 12 months

The Company has not purchased its own Shares in the preceding 12 months from 1 August 2019 up to 31 July 2020. Hence, there is no resale or cancellation of Treasury Shares as to date.

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2.6 Share price

QL's monthly highest and lowest share prices for the past 12 months to July 2020 are as follows:

	Low RM	High RM
2019		
August	6.66	7.00
September	6.82	7.23
October	6.98	7.30
November	7.18	7.45
December	7.22	8.35
2020		
January	8.00	8.30
February	7.95	8.65
March	6.50	8.40
April	7.38	8.28
May	8.00	10.20
June	8.65	10.08
July	9.50	10.00

(Source: Bloomberg)

The last transacted price of QL Shares on 21 August 2020 (being the latest practicable date prior to the printing of this Circular) was RM9.61.

3. 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 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 earnings per share 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 NA; 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 of the Company and its shareholders' interests in exercising the Proposed Share Buy-Back.

4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

4.1 Share Capital

The effects of the Proposed Share Buy-Back on the total number of issued shares of the Company are set out in the table below.

Description	No. of Shares	RM
Total number of issued shares as at 31 July 2020	1,622,438,259	620,024,896
<i>Less: Maximum number of Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back</i>	<i>(162,243,825)*</i>	<i>(62,002,489)*</i>
Resultant total number of issued shares	1,460,194,434	558,022,407

Note:

* 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 total number of issued shares 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 and NA per Share

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 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 and EPS

The earnings per share 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.

5. CONDITIONS TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority is 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 is subject to annual renewal.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back, none of the Directors and/or Major Shareholders of the Company and/or Person Connected with them has any interests, either direct or indirect, in the Proposed Share Buy-Back.

7. DIRECTORS' STATEMENT AND RECOMMENDATION

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 interests of the Company and its shareholders. Accordingly, they recommend that you vote in favour of the resolution to be tabled as a special business at the forthcoming AGM.

8. AGM

The Proposed Renewal of Share Buy-Back Authority will be tabled as a special business at the 23rd AGM to be conducted entirely through live streaming on Tuesday, 29 September 2020 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing the resolutions as set out in the Notice of AGM in the Company's annual report 2020, which can be viewed and downloaded from the designated website link at <http://ql.listedcompany.com/newsroom.html> together with this Circular/Statement and Administrative Guide.

If you are unable to participate the AGM and wish to appoint a proxy instead, the appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form (applicable to individual shareholders only)

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

9. FURTHER INFORMATION

Shareholders are advised to refer to **Appendix I** as set out in this Statement for further information.

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

CHIA SONG KUN
Executive Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Circular/Statement, and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular/Statement. The Board confirms that after making all reasonable enquires 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/Statement false or misleading.

2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

Affin Hwang IB, being the Principal Adviser to the Company for the Proposed Bonus Issue (as set out in Part A of this Circular/Statement), has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Affin Hwang IB, being the Principal Adviser for the Proposed Bonus Issue (as set out in Part A of this Circular/Statement), hereby declares that there is no situation of conflict of interest that exists or likely to exist in relation to its role as the Principal Adviser to the Company for the Proposed Bonus Issue.

3. MATERIAL CONTRACTS

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

- (i) On 20 December 2018, QL Group entered into a Sale and Purchase Agreement with various related parties to acquire lands, the details of which are summarised in the table below:

No.	QL's wholly-owned subsidiary	Related Party	Description	Total Consideration (RM'000)
1.	QL Agroventures Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	A piece of land held with a single storey house erected thereon under CL 025115860, Kampung Kelatuan, District of Papar, Sabah, measuring approximately 17.15 acres	2,098
2.	QL Kitchen Sdn. Bhd.	Sizeable Properties Sdn. Bhd.	A piece of freehold vacant industrial land held under title no. H.S.(D) 287237, PT 50414, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor and bearing postal address No. 4, Jalan Meteor U16/153, , Elmina East, 40160 Shah Alam, Selangor , measuring approximately 4.046 acres	19,000

FURTHER INFORMATION (CONT'D)

No.	QL's wholly-owned subsidiary	Related Party	Description	Total Consideration (RM'000)
3.	KS Galah Sdn. Bhd.	Inspirasi Delima Sdn. Bhd.	One third (1/3) undivided share in all that piece of leasehold vacant industrial land held under Title No. Pajakan Negeri 106522, Lot 169483 (formerly held under HSD145300, No. PT 141924), Mukim Klang, Daerah Klang, Negeri Selangor, measuring approximately 9.605 acres	23,000
4.	QL Foods Sdn. Bhd.	Credential Development Sdn. Bhd.	2 pieces of freehold agriculture land held under: a. GM 3871 (formerly held under GM 1138), Lot No. 2651 Mukim Hutan Melintang, Tempat Teluk Daerah Hilir Perak, Negeri Perak, measuring approximately 5.825 acres b. GM 4056 (formerly held under GM 1138), Lot No. 2652, Mukim Hutan Melintang, Tempat Teluk Daerah Hilir Perak, Negeri Perak, measuring approximately 4.775 acres	4,600
TOTAL				48,698

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither QL nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the QL Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the QL Group.

5. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any other material commitments incurred or known to be incurred by the QL Group, which upon becoming enforceable may have a material effect on the financial position or business of the QL Group.

6. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the QL Group, which upon becoming enforceable may have a material effect on the financial position or business of the QL Group.

FURTHER INFORMATION (CONT'D)

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, during normal business hours (except public holidays) from the date of this Circular/Statement up to and including the date of the AGM:

- (i) the Constitution of the Company;
- (ii) the audited consolidated financial statements of QL for the past 2 FYES 31 March 2019 and 31 March 2020 as well as the latest unaudited consolidated financial statements for the financial period ended 30 June 2020;
- (iii) the letter of consent referred to in Section 2 above; and
- (iv) the material contracts referred to in Section 3 above.