

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 of the Statement as well as Part B and Part C of the Circular 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)

PART A

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART B

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

PART C

PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY

The above proposals will be tabled as special businesses at the Company's 25th 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, 30 August 2022 at 10.00 a.m. Shareholders are to participate, communicate by posting questions to the Board via real time submission of typed texts and vote remotely at the 25th AGM using the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Guide.

The notice of AGM and Form of Proxy that are set out in the Company's Integrated Annual Report 2022 together with this Circular/Statement and Administrative Guide can be viewed and downloaded from the designated website link at <https://ql.com.my/investor-relations/announcements/>.

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

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, 28 August 2022 at 10.00 a.m.

Date and time of the AGM : Tuesday, 30 August 2022 at 10.00 a.m.

This Circular/Statement is dated 28 July 2022

DEFINITIONS

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

Act	:	Companies Act 2016
AGM	:	Annual General Meeting
Board	:	The Board of Directors of QL
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 28 July 2022
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
Constitution	:	Constitution of QL
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 or holding company or a chief executive of QL, its subsidiary, or holding company
EPS	:	Earnings per Share
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	:	18 July 2022, being the latest practicable date prior to the printing of this Circular/Statement
Major Shareholder(s)	:	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: (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.

DEFINITIONS

	For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act
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	: 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: <ul style="list-style-type: none">(a) a family* member of the said Person;(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;(c) a partner† of the said Person;(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;(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;(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 Amendment	: Proposed amendment of the Constitution of QL
Proposed Renewal of RRPT Mandate	: Proposed renewal of existing shareholders’ mandate for 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))

* 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

† 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

QL Feedingstuffs Group	:	QL Feedingstuffs Sdn. Bhd. (Registration No. 198501014911 (147366-A)) group of companies as listed in Note 34 of the Financial Statements in the Company's Integrated Annual Report 2022
QL Fishery Group	:	QL Fishery Sdn. Bhd. (Registration No. 199301005096 (259833-H)) group of companies as listed in Note 34 of the Financial Statements in the Company's Integrated Annual Report 2022
QL Group or Group	:	QL and its subsidiaries collectively
QL Oil Group	:	QL Oil Sdn. Bhd. (Registration No. 198001000098 (53881-H)) group of companies as listed in Note 34 of the Financial Statements in the Company's Integrated Annual Report 2022
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 28 July 2022
Treasury Share(s)	:	Shares purchased by the Company, which are retained as treasury shares
VWAP	:	Volume weighted average price

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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PART A

**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 22 September 2021, 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, 30 August 2022 unless renewal is obtained.

On 13 July 2022, 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 2022 is RM482,840,000.

The retained profits of the Company based on its unaudited management accounts as at 30 June 2022 is RM491,745,000.

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;
- (e) resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; or
- (f) sell, transfer or otherwise use the Treasury Shares for such other purpose pursuant to Section 127 of the Act.

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 30 June 2022, 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 2022 ⁽¹⁾				After the Proposed Share Buy-Back ⁽²⁾⁽³⁾			
	Number of Shares ('000)				Number of Shares ('000)			
	Direct	%	Indirect	%	Direct	%	Indirect	%
<u>Major Shareholders</u>								
CBG (L)	979,596	40.25	-	-	979,596	44.72	-	-
Farsathy	281,632	11.57	-	-	281,632	12.86	-	-
<u>Directors</u>								
Chia Song Kun	1,316	0.05	1,003,672 ^a	41.24	1,316	0.06	1,003,672 ^a	45.82
Chia Song Kooi	1,697	0.07	4,728 ^b	0.19	1,697	0.08	4,728 ^b	0.22
Chia Seong Pow	3,540	0.15	293,819 ^c	12.07	3,540	0.16	293,819 ^c	13.41
Chia Seong Fatt	390	0.02	290,668 ^c	11.94	390	0.02	290,668 ^c	13.27
Chia Song Swa	1,106	0.05	4,234 ^b	0.17	1,106	0.05	4,234 ^b	0.19
Chia Mak Hooi	3,906	0.16	714 ^d	0.03	3,906	0.18	714 ^d	0.03
Cheah Juw Teck	4,194	0.17	2,298 ^b	0.09	4,194	0.19	2,298 ^b	0.10
Chia Lik Khai	2,956	0.12	285 ^d	0.01	2,956	0.13	285 ^d	0.01
Kow Poh Gek	-	-	14 ^e	*	-	-	14 ^e	*
Low Teng Lum	6	*	136 ^d	*	6	*	136 ^d	*

Notes:

- * *Negligible.*
- (1) *The percentage shareholding is calculated based on 2,433,657,139 Shares in circulation.*
- (2) *The percentage shareholding is calculated based on 2,190,291,426 Shares in circulation assuming a maximum of 243,365,713 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 and Pelita Global Sdn. Bhd. as well as spouse and children's interests in QL.*
- b *Deemed interest via spouse 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 and Pelita Global Sdn. Bhd. as well as 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 30 June 2022, the public shareholding spread of the Company is 41.89%. The public shareholding spread is expected to be reduced to 35.44% 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 previous 12 months preceding the date this Statement. Hence, there is no resale or cancellation of Treasury Shares as to date.

2.6 Share price

QL's monthly highest and lowest share prices for the past 12 months to June 2022 are as follows:

	High RM	Low RM
2021		
July	5.74	5.48
August	5.75	5.51
September	5.65	5.27
October	5.40	5.03
November	5.08	4.45
December	4.93	4.48
2022		
January	5.08	4.60
February	4.99	4.67
March	5.02	4.56
April	5.26	4.90
May	5.15	4.73
June	5.40	4.90

(Source: Bloomberg)

The last transacted price of QL Shares on 18 July 2022, being the LPD was RM5.25.

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 30 June 2022	2,433,657,139	620,024,896
<i>Less: Maximum number of Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back</i>	<i>(243,365,713)*</i>	<i>(62,002,489)*</i>
Resultant total number of issued shares	2,190,291,426	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, distributed to the shareholders or transferred in the manner as stated herein.

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 25th 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, 30 August 2022 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 Integrated Annual Report 2022, which can be viewed and downloaded from the designated website link at <https://ql.com.my/investor-relations/announcements/> together with this Circular/Statement and Administrative Guide.

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

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiah.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

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CIRCULAR TO SHAREHOLDERS



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

28 July 2022

Board of Directors:

Chia Song Kun	<i>(Executive Chairman)</i>
Chia Song Kooi	<i>(Group Managing Director)</i>
Chia Seong Fatt	<i>(Executive Director)</i>
Chia Mak Hooi	<i>(Executive Director)</i>
Cheah Juw Teck	<i>(Executive Director)</i>
Chia Lik Khai	<i>(Executive Director)</i>
Low Teng Lum	<i>(Independent Non-Executive Director)</i>
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>
Tan Ler Chin, Cindy	<i>(Independent Non-Executive Director)</i>
Wee Beng Chuan	<i>(Independent Non-Executive Director)</i>
Chia Seong Pow	<i>(Alternate Director to Chia Seong Fatt)</i>
Chia Song Swa	<i>(Alternate Director to Chia Mak Hooi)</i>

To: The shareholders of the Company

Dear Sir / Madam,

PART B: PROPOSED RENEWAL OF RRPT MANDATE

PART C: PROPOSED AMENDMENT

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

PART B: PROPOSED RENEWAL OF RRPT MANDATE

1. INTRODUCTION

At the AGM held on 22 September 2021, the Company obtained shareholders' mandate on the Proposed renewal of existing shareholders' mandate for RRPT and new shareholders' mandate for additional RRPT. The aforesaid mandate will expire at the conclusion of the forthcoming AGM which will be conducted entirely through live streaming on Tuesday, 30 August 2022 unless renewal is obtained.

On 13 July 2022, the Board announced the Company's intention to seek shareholders' approval for the Proposed Renewal of RRPT Mandate.

The purpose of this Circular is to provide you with the details and information of the Proposed Renewal of 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 RRPT Mandate to be tabled at the Company's forthcoming AGM or at any adjournment thereof.

2. DETAILS OF THE PROPOSED RENEWAL OF 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 principal activities of the subsidiaries are set out in Note 34 of the Financial Statements in the Company's Integrated Annual Report 2022.

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:

- (b) 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;
- (c) 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;
- (d) issuing of circular to shareholders;
- (e) 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.

- (f) 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 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 RRPT Mandate will apply to the following Related Parties:

- (i) Sin Teow Fatt Trading Company 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 a member of the Chia Family.
- (ii) Fusipim Sdn. Bhd. ("**Fusipim**") is a company involved in manufacturing of frozen fish 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 is a Director of QL Foods and member of the Chia Family. Whereas, Mr. Cheah Juw Teck is a Director of QL Foods as well as Director and shareholder 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. Chua Lee Guan is a Director of QLEMP and QL Endau Fishmeal Sdn. Bhd. ("**QLEFM**") and deemed as a Major Shareholder of QLEMP and QLEFM by virtue of his interests via PK Chua Resources Sdn. Bhd. He is also the Director and deemed as a Major Shareholder of KH by virtue of his interest via PK Chua Resources Sdn. Bhd. QLEFM is a wholly-owned subsidiary of QLEMP, which in turn 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. Chua Lee Guan is a Director of QLEMP and QLEFM and deemed as a Major Shareholder of QLEMP and QLEFM by virtue of his interests via PK Chua Resources Sdn. Bhd. He is also the Director and Major Shareholder of PST. Whereas, Mr. Heng Hup Peng is a Director of QLEMP, QLEFM and shareholder of QLEMP as well as a Director and Major Shareholder of PST. QLEFM is a wholly-owned subsidiary of QLEMP, which in turn is 70.59% owned by QL. On 1 April 2022, Mr. Heng Hup Peng had resigned as a Director in QLEMP and QLEFM. Therefore, this RRPT will be monitored for six (6) months until 30 September 2022 as he is still a Director under Para 1.01 of the LR.

- (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. Chua Lee Guan is a Director of QLEMP and QLEFM and Major Shareholder of QLEMP and QLEFM by virtue of his interests via PK Chua Resources Sdn. Bhd. He is also the Director and Major Shareholder of TTMP. Whereas, Mr. Heng Hup Peng is a Director of QLEMP and QLEFM and shareholder of QLEMP as well as a Director and Major Shareholder of TTMP. QLEFM is a wholly-owned subsidiary of QLEMP, which in turn is 70.59% owned by QL. On 1 April 2022, Mr. Heng Hup Peng had resigned as a Director in QLEMP and QLEFM. Therefore, this RRPT will be monitored for six (6) months until 30 September 2022 as he is still a Director under Para 1.01 of the LR.
- (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) 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.
- (ix) 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.
- (x) E Koon Trading (“**E Koon**”) is a sole proprietorship engaged in wholesale of metal, kitchenware, glass and plastic. E Koon is owned by Mr. Cheah Jui Koon. He is the son and brother of Mr. Cheah Yaw Song and Mr. Cheah Juw Teck respectively. Mr. Cheah Yaw Song is a Director of QL Foods and QL Fishmeal Sdn. Bhd. (“**QLFM**”) and member of the Chia Family. Whereas, Mr. Cheah Juw Teck is a Director of QL Foods and QL Fishmeal as well as Director and shareholder of QL.
- (xi) Perikanan Hap Huat Sdn. Bhd. (“**PHH**”) is a wholesaler and engaged in trading of frozen edible fishes and other aquatic animals. Mr. Chua Lee Guan is a Director and Major Shareholder of PHH. He is also deemed as a Major shareholder of QLEMP and QLEFM by virtue of his interests via PK Chua Resources Sdn. Bhd. Whereas, Mr. Heng Hup Peng is a Director of QLEMP and QLEFM and shareholder of QLEMP as well as a Director and Major Shareholder of PHH. QLEFM is a wholly-owned subsidiary of QLEMP, which in turn is 70.59% owned by QL. On 1 April 2022, Mr. Heng Hup Peng had resigned as a Director in QLEMP and QLEFM. Therefore, this RRPT will be monitored for six (6) months until 30 September 2022 as he is still a Director under Para 1.01 of the LR.
- (xii) 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 of QLEMP and QLEFM and shareholder of QLEMP as well as a Director and Major Shareholder of HHF. QLEFM is a wholly-owned subsidiary of QLEMP, which in turn is 70.59% owned by QL. On 1 April 2022, Mr. Heng Hup Peng had resigned as a Director in QLEMP and QLEFM. Therefore, this RRPT will be monitored for six (6) months until 30 September 2022 as he is still a Director under Para 1.01 of the LR.

- (xiii) 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.
- (xiv) 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. (“**QLP**”) 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.
- (xv) Timurikan Trengganu Sdn. Bhd. (“**TT**”) is a company engaged in deep sea fishing. Mr. Chua Lee Guan is a Director of QLEMP and QLEFM and deemed to be a Major Shareholder of QLEMP and QLEFM by virtue of his interests via PK Chua Resources Sdn. Bhd.. He is also the Director and Major Shareholder of TT. Whereas, Mr. Heng Hup Peng is a Director of QLEMP and QLEFM and shareholder of QLEMP as well as a Director and Major Shareholder of TT. QLEFM is a wholly-owned subsidiary of QLEMP, which in turn is 70.59% owned by QL. On 1 April 2022, Mr. Heng Hup Peng had resigned as a Director in QLEMP and QLEFM. Therefore, this RRPT will be monitored for six (6) months until 30 September 2022 as he is still a Director under Para 1.01 of the LR.
- (xvi) Credential Development Sdn. Bhd. (“**CD**”) is an investment holding company and a wholly-owned subsidiary of CBG Holdings Sdn. Bhd. (“**CBG**”). Mr. Chia Song Kun (“**SKun**”) is a Director and Major Shareholder of CBG and CD by virtue of his deemed interest via CBG. SKun is deemed to have interest in QL Fishery Group by virtue of his interests in QL, a body corporate in which SKun 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

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 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
Cheah Joo Kiang Cheah Jui Koon Cheah Yaw Song Eng Siew Yong	Cheah Juw Teck	Brother Brother Father Sister-in-law
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	Farsathy^	Director and beneficial shareholder
Chia Chw Pew Koh Kwee Choo Chia Chew Seng Chia Chiew Yang Chia Chew Ngee	Farsathy^	Beneficial shareholder

Notes:

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

^ *The entire shareholdings in Farsathy are held by Kensington Trust Malaysia Berhad (“KTM”) as trustee of Chia Ser Teik trust, a trust company registered under the Trust Companies Act, 1949 on trust for the beneficiaries of a family trust. Although KTM 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.*

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2.4 Nature of RRPT and Estimated Value

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

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

No.	Company	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 22 September 2021 to 30 June 2022 (RM'000)
1.	QL Fishery Group	Purchase of raw fish; sale of surimi and surimi-based product; sale of frozen fish; renting of property; purchase of lubricant and packing material	Sin Teow Fatt Trading Company Fusipim Sdn. Bhd. Cheah Joo Kiang Enterprise M.B. Agriculture (Sandakan) Sdn. Bhd. Credential Development Sdn. Bhd. E Koon Trading	15,150	17,430	8,146
2.	QL Feedingstuffs Group	Purchase of raw material and packing material; sale of animal feed; sale of lubricant; sale of broiler, chicken part, egg, sundries, meat/frozen food, organic fertilizer and animal health product	M.B. Agriculture (Sabah) Sdn. Bhd. Arena Dijaya Sdn. Bhd. M.B. Agriculture (Sandakan) Sdn. Bhd. Highglobal Properties Sdn. Bhd. Total Icon Sdn. Bhd.	62,150	54,820	36,641
3.	QL Oil Group	Purchase of fresh fruit bunch and ERP fertilizer	M.B. Agriculture (Sandakan) Sdn. Bhd. Highglobal Properties Sdn. Bhd. Total Icon Sdn. Bhd.	3,300	2,100	2,239
Total				80,600	74,350	47,026

- (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.	Company	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 22 September 2021 to 30 June 2022 (RM'000)
1.	QL Fishery Group	Sale of frozen fish	M.B. Agriculture (Sandakan) Sdn. Bhd.	200	200	70
2.	QL Feedingstuffs Group	Purchase of raw material and packing material; sale of animal feed; sale of lubricant; sale of broiler, chicken part, egg, sundries, meat/frozen food, organic fertilizer and animal health product	M.B. Agriculture (Sabah) Sdn. Bhd. Arena Dijaya Sdn. Bhd. M.B. Agriculture (Sandakan) Sdn. Bhd. Highglobal Properties Sdn. Bhd. Total Icon Sdn. Bhd.	62,150	54,820	36,641
3.	QL Oil Group	Purchase of fresh fruit bunch and ERP fertilizer	M.B. Agriculture (Sandakan) Sdn. Bhd. Highglobal Properties Sdn. Bhd. Total Icon Sdn. Bhd.	3,300	2,100	2,239
Total				65,650	57,120	38,950

- (c) Transactions between QL Group and companies in which Mr. Chua Lee Guan and person(s) connected to him have interests

No.	Company	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 22 September 2021 to 30 June 2022 (RM'000)
1.	QL Fishery Group	Purchase of spare part and other consumable; purchase of fish	Keang Huat Trading Sdn. Bhd. Perikanan Sri Tanjung Sdn. Bhd. Timurikan Trengganu Marine Products Sdn. Bhd. Perikanan Hap Huat Sdn. Bhd. Timurikan Trengganu Sdn. Bhd.	6,500	7,500	1,300
Total				6,500	7,500	1,300

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

No.	Company	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 22 September 2021 to 30 June 2022 (RM'000)
1.	QL Fishery Group	Purchase of fish ⁽²⁾	Perikanan Sri Tanjung Sdn. Bhd. Timurikan Trengganu Marine Products Sdn. Bhd. Perikanan Hap Huat Sdn. Bhd. Timurikan Trengganu Sdn. Bhd. Hai Hong Fishery Sdn. Bhd.	-	6,600	1,154
Total				-	6,600	1,154

Notes:

- (1) The new estimated value is based on the Management's estimate, which takes into account the transacted amount for the FYE 31 March 2022 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) QL Fishery Group will not be seeking for the renewal of shareholders' mandate for RRPTs in which Mr. Heng Hup Peng and person(s) connected to him have interests following his resignation in certain subsidiaries. However, the said transactions will be monitored for six (6) months until 30 September 2022 as Mr. Heng Hup Peng is still a Director under Para 1.01 of the LR.

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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 2022.

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 said RRPT are entered into on an arm's length basis and on normal commercial terms which are consistent with the Group's existing usual business practices and standards and are on terms not more favourable to the Related Parties than those extended to third parties and are not detrimental to the minority shareholders, which are as follows:

- (i) The Accountant will prepare the RRPT report together with summary of comparison whereby at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be obtained for 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) The RRPT report will then be counter checked, verified and signed by various parties in charge, which include, among others, Secretaries, Head of Business Unit in charge of the respective operating unit and Head of Group Risk Management.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) The RRPT shall be reviewed by Internal Auditor engaged by the Company as per their Scope of Audit.
- (ix) 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 Integrated Annual Report 2022.

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 RRPT MANDATE

The Proposed Renewal of 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 RRPT MANDATE

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

5. CONDITIONS TO THE PROPOSED RENEWAL OF RRPT MANDATE

The Proposed Renewal of 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 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 RRPT Mandate.

The direct and indirect interests of the interested Directors and/or Major Shareholders in QL and Persons Connected with them as at 30 June 2022 are as follows:

Name/Company	Number of Shares ('000)			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
<u>Major Shareholders</u>				
CBG (L)	979,596	40.25	-	-
Farsathy	281,632	11.57	-	-
<u>Interested Directors</u>				
Chia Song Kun	1,316	0.05	1,003,672 ^a	41.24
Chia Song Kooi	1,697	0.07	4,728 ^b	0.19
Chia Seong Pow	3,540	0.15	293,819 ^c	12.07
Chia Seong Fatt	390	0.02	290,668 ^c	11.94
Chia Song Swa	1,106	0.05	4,234 ^b	0.17
Chia Mak Hooi	3,906	0.16	714 ^d	0.03
Cheah Juw Teck	4,194	0.17	2,298 ^b	0.09
Chia Lik Khai	2,956	0.12	285 ^d	0.01
<u>Persons Connected</u>				
Liu Sin	2,627	0.11	10,419 ^d	0.43
Chia Siang Eng	10,419	0.43	2,627 ^d	0.11
Cheah Yaw Song	4,820	0.20	1,523 ^d	0.06
Chia Song Phuan	10,112	0.42	8,040 ^d	0.33
Chia Song Pou	7,971	0.33	2,115 ^d	0.09
Chia Song Kang	4,578	0.19	211 ^d	0.01
Chia Teow Guan	2,587	0.11	-	-
Chia Kah Chuan	3,007	0.12	-	-
Eng Seng Poo	1,941	0.08	-	-
Chia Cheong Soong	41	0.00	550 ^d	0.02
Chia Suan Hooi	620	0.03	-	-
Chia Chong Lang	612	0.03	-	-
Chia Bak Lang	6,615	0.27	998,374 ^a	41.02
Koh Kwee Choo	3,510	0.14	293,849 ^c	12.07
Eng Siew Yong	2,013	0.08	-	-
Chia Chw Pew	1,711	0.07	-	-
Chia Chew Seng	799	0.03	-	-
Chia Chew Ngee	233	0.00	-	-
Chia Chiew Yang	468	0.02	-	-
Sim Ahi Yok	120	0.00	290,938 ^c	11.95
Cheah Joo Kiang	-	-	-	-
Cheah Jui Koon	-	-	-	-

Notes:

- (1) *The percentage shareholding is calculated based on 2,433,657,139 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 and Pelita Global Sdn. Bhd. as well as spouse and children's interests in QL.*
- (b) *Deemed interest via spouse 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 and Pelita Global Sdn. Bhd. as well as 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 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 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 RRPT Mandate, are of the opinion that the Proposed Renewal of RRPT Mandate is in the best interest of the Company.

Other than the Directors who are interested in the Proposed Renewal of 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 RRPT Mandate to be tabled as a special business at the forthcoming AGM.

8. AGM

The Proposed Renewal of RRPT Mandate will be tabled as special business at the 25th 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, 30 August 2022 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 Integrated Annual Report 2022, which can be viewed and downloaded from the designated website link at <https://ql.com.my/investor-relations/announcements/> together with this Circular/Statement and Administrative Guide.

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

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.

PART C: PROPOSED AMENDMENT

1. INTRODUCTION

On 13 July 2022, the Board announced the Company's intention to seek shareholders' approval for the Proposed Amendment.

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

2. DETAILS OF THE PROPOSED AMENDMENT

The details of the Proposed Amendment are set out in **Appendix II** of this Circular.

3. RATIONALE OF THE PROPOSED AMENDMENT

The purpose of the Proposed Amendment is to streamline the Company's Constitution with the new amendment made to the Malaysian Code on Corporate Governance 2021 applicable to the Company.

The Board proposes to amend the Clause 132 of the Company's Constitution.

4. EFFECTS OF THE PROPOSED AMENDMENT

The Proposed Amendment will not have any effect on the share capital, substantial shareholders' shareholdings, net assets, gearing or earnings per share of QL Group.

5. CONDITION TO THE PROPOSED AMENDMENT

The Proposed Amendment is conditional upon approval being obtained from the shareholders of the Company at the forthcoming AGM and any adjournment thereof.

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

None of the Directors and/or Major Shareholders and/or Persons Connected to them are interested in the Proposed Amendment.

7. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Directors, having considered all aspects of the Proposed Amendment, are of the opinion that the Proposed Amendment is in the best interest of the Company. Accordingly, our Directors recommend that you vote in favour of the special resolution pertaining to the Proposed Amendment to be tabled at the forthcoming AGM.

8. AGM

The Proposed Amendment will be tabled as special business at the 25th 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, 30 August 2022 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 Integrated Annual Report 2022, which can be viewed and downloaded from the designated website link at <https://ql.com.my/investor-relations/announcements/> together with this Circular/Statement and Administrative Guide.

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

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 requested to refer to the attached **Appendix I** 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. MATERIAL CONTRACT

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 our Group's business) during the two (2) years immediately before the date of this Circular:-

- (a) On 3 December 2020, QL Green Resources Sdn. Bhd., a wholly-owned subsidiary of the Group, entered into an unconditional Share Acquisition Agreement with Leong Yew Cheong to acquire 20,640,000 ordinary shares in Boilermech Holdings Berhad ("**Boilermech share(s)**") representing 4% equity interest in Boilermech for a total cash consideration of RM19,608,000 or RM0.95 per Boilermech share.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, 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:-

Singapore lawsuit

The Company announced to Bursa Malaysia on 1 December 2021, that QL's subsidiaries, PT Pipit Mutiara Indah ("**PMI**") and QL Mutiara (S) Pte Ltd ("**QLM**"), as well as Chia Seong Fatt (a director of QL) in his capacity as a director of PMI and QLM (collectively referred to as "**Plaintiffs**"), have commenced a legal action in the High Court of the Republic of Singapore against PT Pipit Citra Perkasa ("**PCP**" / "**1st Defendant**"), Juliet Kristianto Liu, and Kristianto Kandi Saputro (collectively referred to as "**PCP Defendants**") inter alia for breach of the arbitration agreement contained in the Master Joint Venture Agreement dated 16 August 2006 made between QL Oil Sdn. Bhd., Hang Ting Pte Ltd and PCP, and the PCP Defendants (or any two of them) wrongfully and with the intent to injure and/or cause loss to PMI, Chia Seong Fatt and/or QLM by unlawful and/or lawful means, conspired and combined together to damage or destroy the financial and/or business interests of PMI, Chia Seong Fatt and/or QLM ("**Singapore Lawsuit**"). The Singapore Lawsuit was in response to a lawsuit wrongfully commenced on 9 August 2021 by the 1st Defendant against the Plaintiffs in the District Court of Tarakan, Indonesia ("**Tarakan Lawsuit**").

Further, as announced on 6 December 2021, the General Division of the High Court of the Republic of Singapore has on even date, conducted a hearing upon the application of the Plaintiffs on an opposed ex-parte basis, for an interim anti-suit injunction against the 1st Defendant and has granted in favour of the Plaintiffs a restraining order which has the effect of restraining the 1st Defendant from continuing with the Tarakan Lawsuit. The 1st Defendant has, subsequent to the said restraining order, discontinued the Tarakan Lawsuit with effect from 24 March 2022. The Singapore Lawsuit is pending a full trial of the action.

The Board opined based on the Solicitors advise, the Plaintiffs have a good and realistic chance of success in the Singapore Lawsuit against the PCP Defendants.

Details of the Singapore Lawsuit can be found in the Bursa Announcements made on 1 December 2021, 6 December 2021 and 9 December 2021.

4. 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 2021 and 31 March 2022 as well as the latest unaudited consolidated financial statements for the financial period ended 30 June 2022;
- (iii) Material contract referred to in item no. 2 of **Appendix I**; and
- (iv) the relevant cause papers in respect of material litigation referred to in item no. 3 of **Appendix I**.

DETAILS OF THE PROPOSED AMENDMENT

It is proposed that Clause 132 of the Company's Constitution be amended as follows to streamline with the new amendment made to the Malaysian Code on Corporate Governance 2021:

Clause	Existing provision	Proposed Amendment
132	<p>Subject to and in accordance with the Applicable Laws, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain a Director as Independent Director beyond nine (9) years, the Board may justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting:</p> <p>(1) Tier 1: only the Large Shareholder(s) of the Company votes; and</p> <p>(2) Tier 2: shareholders other than the Large Shareholder(s) votes.</p> <p>For the purposes of this Clause, Large Shareholder means a person who:-</p> <p>(i) is entitled to exercise, or control the exercise of, not less than thirty three per centum (33%) of the voting shares in the Company;</p> <p>(ii) is the largest shareholder of voting shares in the Company;</p> <p>(iii) has the power to appoint or caused to be appointed a majority of the Directors; or</p> <p>(iv) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to give effect to.</p>	<p>Subject to and in accordance with the Applicable Laws, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain a Director as Independent Director beyond nine (9) years, the Board may justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process provided that the tenure of an Independent Director should not exceed a cumulative terms of twelve (12) years. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting:</p> <p>(1) Tier 1: only the Large Shareholder(s) of the Company votes; and</p> <p>(2) Tier 2: shareholders other than the Large Shareholder(s) votes.</p> <p>For the purposes of this Clause, Large Shareholder means a person who:-</p> <p>(i) is entitled to exercise, or control the exercise of, not less than thirty three per centum (33%) of the voting shares in the Company;</p> <p>(ii) is the largest shareholder of voting shares in the Company;</p> <p>(iii) has the power to appoint or caused to be appointed a majority of the Directors; or</p> <p>(iv) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to give effect to.</p>

Clause	Existing provision	Proposed Amendment
	<p>The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.</p> <p>The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.</p> <p>However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstain from voting. If the resolution is defeated or deemed defeated, the said Director may (subject to any requirement to re-elect any such Director who may be retiring under Clause 125) remain in office but shall be re- designated as a non-independent director. Nothing in this Constitution shall require a Director to vacate his office as a Director merely because such a resolution relating to him is defeated or deemed defeated.</p>	<p>The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.</p> <p>The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.</p> <p>However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstain from voting. If the resolution is defeated or deemed defeated, the said Director may (subject to any requirement to re-elect any such Director who may be retiring under Clause 125) remain in office but shall be re- designated as a non-independent director. Nothing in this Constitution shall require a Director to vacate his office as a Director merely because such a resolution relating to him is defeated or deemed defeated.</p>