

QL RESOURCES BERHAD ("QL" OR THE "COMPANY")

- (I) PROPOSED BONUS ISSUE;
- (II) PROPOSED RIGHTS ISSUE; AND
- (III) PROPOSED EXEMPTION

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of QL ("**Board**"), RHB Investment Bank Berhad ("**RHB**") wishes to announce that the Company proposes to undertake the following:-

- (i) the proposed bonus issue of 249,605,886 new ordinary shares of RM0.25 each in QL ("**QL Share(s)**" or "**Share(s)**") ("**Bonus Share(s)**") on the basis of three (3) Bonus Shares for every ten (10) existing QL Shares held on an entitlement date to be determined later ("**Entitlement Date**") ("**Proposed Bonus Issue**");
- (ii) the proposed renounceable rights issue of 166,403,924 QL Shares ("**Rights Share(s)**") on the basis of two (2) Rights Shares for every ten (10) existing QL Shares held on the Entitlement Date ("**Proposed Rights Issue**"); and
- (iii) the proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 ("**Code**") to exempt CBG Holdings Sdn Bhd ("**CBG**") and its parties acting in concert with CBG ("**PAC(s)**") from the obligation of extending a mandatory take-over offer for the remaining QL Shares not already held by them pursuant to the Proposed Rights Issue ("**Proposed Exemption**").

Further details on the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Basis and number of Bonus Shares

Based on the total issued and paid-up share capital of QL as at 25 September 2013 of RM208,004,905 comprising 832,019,620 QL Shares, the Proposed Bonus Issue will entail an issuance of 249,605,886 Bonus Shares to be credited as fully paid-up on the basis of three (3) Bonus Shares for every ten (10) existing QL Shares held by the entitled shareholders of the Company as at the close of business on the Entitlement Date ("**Entitled Shareholders**").

Fractional entitlements arising from the Proposed Bonus Issue, if any, shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company.

2.1.2 Capitalisation of reserves

The Proposed Bonus Issue shall be wholly capitalised from the Company's share premium account. Based on the Company's latest audited financial statements for the financial year ended ("**FYE**") 31 March 2013 and the latest unaudited financial statements for the three (3)-month financial period ended ("**FPE**") 30 June 2013, the effects of the Proposed Bonus Issue on the share premium account of the Company are as follows:-

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Company level	Audited as at 31 March 2013 (RM'000)	Unaudited as at 30 June 2013 (RM'000)
Share premium	113,599	113,599
Amount to be capitalised for the Proposed Bonus Issue	(62,401)	(62,401)
Balance after the Proposed Bonus Issue	51,198	51,198

The Board confirms that based on the Company's latest audited financial statements for the FYE 31 March 2013 and the unaudited financial statements for the three (3) month FPE 30 June 2013, the available share premium reserves of the Company are adequate for the capitalisation of the Proposed Bonus Issue.

The reserves required for the capitalisation of the Proposed Bonus Issue are unimpaired by losses on a consolidated basis and the Proposed Bonus Issue will not be implemented in stages over a period of time.

2.1.3 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.

2.1.4 Listing and quotation for the Bonus Shares

An application will be made for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

2.2 Proposed Rights Issue

2.2.1 Details of the Proposed Rights Issue

Based on the total issued and paid-up share capital of QL as at 25 September 2013 of RM208,004,905 comprising 832,019,620 QL Shares, the Proposed Rights Issue entails an issuance of 166,403,924 Rights Shares at an indicative issue price of RM1.80 per Rights Share on a renounceable basis of two (2) Rights Shares for every ten (10) existing QL Shares held on the same Entitlement Date as the Proposed Bonus Issue.

The Proposed Rights Issue is not conditional on the Proposed Bonus Issue and as such, the number of Rights Shares to be issued will not be dependent on the number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue. For avoidance of doubt, shareholders who do not subscribe for the Rights Shares will still be entitled to the Bonus Shares under the Proposed Bonus Issue.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements for the Rights Shares in full or in part. Any unsubscribed Rights Shares shall be offered to other shareholders of QL under the excess Rights Shares application.

Any fractional entitlements of the Rights Shares under the Proposed Rights Issue shall be dealt with in such manner as the Board in their absolute discretion deem fit and expedient, and to be in the best interest of the Company.

2.2.2 Basis of determining the issue price of the Rights Shares

The issue price of the Rights Shares will be determined by the Board at a later date, based on a discount that is deemed appropriate after taking into consideration, amongst others, the theoretical ex-all price of QL Shares (after taking into account the Proposed Bonus Issue) based on the five (5)-day volume weighted average price ("VWAP") of QL Shares immediately preceding the price-fixing date.

For illustrative purposes, the Rights Shares are assumed to be issued at an indicative issue price of RM1.80 per Rights Share. This represents a discount of approximately 32.6% to the theoretical ex-all price of RM2.67 (after taking into account the Proposed Bonus Issue) based on the five (5)-day VWAP of QL Shares up to 25 September 2013 of RM3.65.

2.2.3 Ranking of the Rights Shares

The Rights Shares to be issued shall, upon allotment and issue, rank *pari passu* in all respects with the existing QL Shares save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid prior to the relevant date of allotment and issue of the Rights Shares.

2.2.4 Undertakings by the major shareholders and minimum subscription level

The Board has decided on a minimum level of subscription for the Proposed Rights Issue. The Company will procure written irrevocable undertakings from its major shareholders, namely CBG and Farsathy Holdings Sdn Bhd ("**Farsathy**"), to subscribe in full for their total entitlement of 96,236,844 Rights Shares based on their direct shareholdings as at 25 September 2013 under the Proposed Rights Issue ("**Proposed Undertakings**"). The Proposed Undertakings reflect the major shareholders' confidence in the Group's future prospects and commitment to grow the business further.

QL will not procure any underwriting arrangements as the Proposed Rights Issue is on a minimum subscription level basis.

2.2.5 Utilisation of proceeds

The Proposed Rights Issue is expected to raise gross proceeds of up to approximately RM299.5 million based on an indicative issue price of RM1.80 per Rights Share. The gross proceeds are expected to be utilised in the following manner:-

Details of utilisation	Minimum Subscription Level ⁽¹⁾ (RM'000)	Maximum Subscription Level ⁽²⁾ (RM'000)	Timeframe for the utilisation of proceeds
Repayment of bank borrowings ^(a)	172,026	220,000	Within nine (9) months
Capital Expenditure ^{(b)(i)}	-	70,000	Within eighteen (18) months
Working Capital ^{(b)(ii)}	-	8,327	Within twelve (12) months
Estimated expenses for the Proposals	1,200	1,200	Upon completion of the Proposals
	173,226	299,527	

Notes:-

- (1) *Minimum Subscription Level: Assuming only CBG and Farsathy subscribe to their respective entitlements under the Proposed Rights Issue amounting to 96,236,844 Rights Shares.*
- (2) *Maximum Subscription Level: Assuming all the shareholders of QL subscribe to their respective entitlements under the Proposed Rights Issue amounting to 166,403,924 Rights Shares.*
- (a) *QL has earmarked approximately RM172 million and RM220.0 million based on the Minimum Subscription Level and Maximum Subscription Level respectively for the repayment of its bank borrowings. Based on QL's average interest rate cost of 4%, the repayment of bank borrowings will enable the QL group to save interest cost of up to approximately RM8.8 million per annum under the Maximum Subscription Level.*
- (b) *In the event of Maximum Subscription Level, QL has earmarked the following-*
 - (i) *RM70.0 million of the funds for the capital expenditure of the marine and livestock division, which will be utilized in the following manner:-*
 - (A) *Integrated Livestock Farming - 50% of the proceeds in capital expenditure will be utilised towards the expansion of QL's existing poultry farms in Malaysia, Indonesia and Vietnam, and its feedmill in Indonesia.*
 - (B) *Marine Product Manufacturing- Balance 50% of the proceeds will be utilised for the upgrading of QL's existing marine product manufacturing facilities in Malaysia and Indonesia. In addition, QL will also use part of the proceeds to develop the aquaculture projects in Malaysia.*
 - (ii) *RM8.32 million of the proceeds to be utilised to finance the day-to-day operations which amongst others include staff related expenses and operating expenses,*

The final utilisation of proceeds may vary between each of the above purposes as they are based on management's estimates and are also dependent on the needs of the QL Group at that point in time. However, such variations will not be material for each category.

In the event of excess of funds, the said funds will be channelled towards the working capital of the QL Group.

Pending utilisation of the proceeds from the Proposed Rights Issue for the above purposes, the proceeds would be placed in deposits with financial institutions or short-term money market instrument(s).

2.2.6 Listing and quotation for the Rights Shares

An application will be made to Bursa Securities for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

2.3 Proposed Exemption

Pursuant to the Proposed Rights Issue and the Proposed Undertakings, CBG may potentially increase its shareholding in QL from 44.93% to 47.61% under the minimum subscription level (on the assumption that only CBG and Farsathy subscribe for their respective entitlements under the Proposed Rights Issue) as illustrated below:-

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	Shareholdings as at 25 September 2013		After Proposed Bonus Issue		After Proposed Rights Issue	
	No. of QL Shares	%	No. of QL Shares	%	No. of QL Shares	%
CBG	373,846,682	44.93	486,000,687	44.93	560,770,023	47.61

Under such scenario, CBG and its PACs shall have an obligation to undertake a mandatory general offer for all the remaining QL Shares, not already held by them pursuant to the Proposed Rights Issue and in accordance to Part III of the Code. Under Practice Note 9 of the Code, the Securities Commission Malaysia (“**SC**”) may however grant an exemption to CBG and its PACs from such obligation.

As CBG and its PACs do not intend to undertake a mandatory general offer to acquire all the remaining QL Shares not already held by them upon completion of the Proposed Rights Issue in the event of such under subscription of the Rights Shares (and as a result thereof, its equity interest in QL increases by more than two (2) percent over a period of six (6) months), hence, in this regard, CBG and its PACs intend to seek an exemption from the SC from the obligation to undertake the said mandatory offer under Practice Note 9 of the Code.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

3.1 Proposed Bonus Issue

The Proposed Bonus Issue aims to reward the existing shareholders of the Company for their loyalty and continuing support, by enabling them to have a greater participation in the equity of the Company in terms of number of shares held whilst maintaining their percentage of equity interest. In addition, the Proposed Bonus Issue is expected to improve the trading liquidity and affordability of QL Shares on Bursa Securities.

3.2 Proposed Rights Issue

The rationale for the Proposed Rights Issue is as follows:-

- (i) The Proposed Rights Issue will enable QL to raise funds without incurring interest cost, as compared to bank borrowings. The funds raised will be utilised for the purposes highlighted in **Section 2.2.5** of this announcement, which are expected to contribute positively towards the future earnings of QL and its subsidiaries ("**QL Group**" or "**Group**");
- (ii) The Proposed Rights Issue will provide the shareholders of QL with the opportunity to increase their equity participation in the Company at an attractive discount to the prevailing market price; and
- (iii) To increase the size and strength of QL's balance sheet, reduce the Group's gearing ratio as well as to potentially increase the market capitalisation of QL.

3.3 Proposed Exemption

The Proposed Exemption will relieve CBG and its PACs from the potential obligation to undertake a mandatory take-over offer under the Code as a result of the potential increase in CBG's equity interest in QL pursuant to the Proposed Rights Issue and the Proposed Undertakings.

In addition, the Proposed Exemption will also ensure successful completion of the Proposed Rights Issue and will enable CBG, a major shareholder of QL, to provide financial support via the Proposed Undertakings for the Proposed Rights Issue.

4. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposed Exemption will not have any effect on the issued and paid-up share capital, net assets ("NA"), gearing, earnings and shareholdings of the major shareholders of QL Group.

The proforma effects of the Proposed Bonus Issue and Proposed Rights Issue are set out below, assuming the following scenarios:-

Minimum Subscription Level : Assuming only CBG and Farsathy subscribe to their respective entitlements under the Proposed Rights Issue amounting to 96,236,844 Rights Shares.

Maximum Subscription Level : Assuming all the shareholders of QL subscribe to their respective entitlements under the Proposed Rights Issue amounting to 166,403,924 Rights Shares.

4.1 Issued and paid-up share capital

For illustrative purposes, the proforma effects of the Proposed Bonus Issue and the Proposed Rights Issue on the issued and paid-up share capital of the Company are as follows:-

	Minimum Subscription Level		Maximum Subscription Level	
	No. of Shares	RM	No. of Shares	RM
Issued and paid-up share capital as at 25 September 2013	832,019,620	208,004,905	832,019,620	208,004,905
Bonus Shares to be issued pursuant to the Proposed Bonus Issue	249,605,886	62,401,472	249,605,886	62,401,472
Rights Shares to be issued pursuant to the Proposed Rights Issue	1,081,625,506 96,236,844	270,406,377 24,059,211	1,081,625,506 166,403,924	270,406,377 41,600,981
Enlarged issued and paid-up share capital	1,177,862,350	294,465,588	1,248,029,430	312,007,358

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4.2 NA and gearing

Based on the audited consolidated balance sheets of QL as at 31 March 2013 and on the assumption that the Proposed Bonus Issue and Proposed Rights Issue had been effected as at that date, the proforma effects of the Proposed Bonus Issue and Proposed Rights Issue on the consolidated NA and gearing of QL Group are as follows:-

Minimum Subscription Level	Audited as at 31 March 2013 (RM'000)	Proforma I After Proposed Bonus Issue (RM'000)	Proforma II After Proforma I and the Proposed Rights Issue ⁽³⁾ (RM'000)
Share capital	208,005	270,406	294,466
Share premium	113,599	51,198	⁽²⁾ 199,165
Reserves	569,177	569,177	569,177
Shareholders' equity/ NA	890,781	890,781	1,062,808
No. of QL Shares ('000)	832,020	1,081,626	1,177,862
NA per QL Share (RM)	1.07	0.82	0.90
Cash and cash equivalents (RM'000)	141,101	141,101	141,101
Borrowings (RM'000)	827,753	827,753	655,727
Net borrowings (RM'000)	686,652	686,652	514,626
Net gearing (times)⁽¹⁾	0.77	0.77	0.48

Notes:-

- (1) Calculated based on net borrowings divided by NA.
(2) After deducting estimated expenses of RM1,200,000 incurred in relation to the Proposals.
(3) Based on the indicative issue price of RM1.80 per Rights Share.

Maximum Subscription Level	Audited as at 31 March 2013 (RM'000)	Proforma I After Proposed Bonus Issue (RM'000)	Proforma II After Proforma I and the Proposed Rights Issue ⁽³⁾ (RM'000)
Share capital	208,005	270,406	312,007
Share premium	113,599	51,198	⁽²⁾ 307,924
Reserves	569,177	569,177	569,177
Shareholders' equity/ NA	890,781	890,781	1,189,108
No. of QL Shares ('000)	832,020	1,081,626	1,248,029
NA per QL Share (RM)	1.07	0.82	0.96
Cash and cash equivalents (RM'000)	141,101	141,101	219,428
Borrowings (RM'000)	827,753	827,753	607,753
Net borrowings (RM'000)	686,652	686,652	388,325
Net gearing (times)⁽¹⁾	0.77	0.77	0.33

Notes:-

- (1) Calculated based on net borrowings divided by NA.
(2) After deducting estimated expenses of RM1,200,000 incurred in relation to the Proposals.
(3) Based on the indicative issue price of RM1.80 per Rights Share.

4.3 Earnings and earnings per share ("EPS")

The Proposals are not expected to have any material effect on the earnings of the QL Group for the FYE 31 March 2014 save for the interest cost savings to be enjoyed by the QL Group upon the repayment of its bank borrowings as disclosed in **Section 2.2.5** of this announcement. However, barring unforeseen circumstances, the Proposed Rights Issue is expected to contribute positively to the future earnings of QL Group for the ensuing financial years when the benefits of the utilisation of proceeds are realised.

Notwithstanding the above, there may be a corresponding dilution in the Group's EPS as a result of the increase in the number of QL Shares arising from the Proposals. Nevertheless, the Board is of the view that the enlarged issued and paid-up share capital is reflective of the future earnings prospects of the Group.

4.4 Convertible securities

As at 25 September 2013, the Company has no outstanding options, warrants or convertible securities.

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4.5 Major shareholders' shareholdings

For illustrative purposes, the proforma effects of the Proposed Bonus Issue and the Proposed Rights Issue on the major shareholders' shareholdings in QL are set out below:-

Minimum Subscription Level

Major shareholders	Shareholdings as at 25 September 2013				Proforma I After the Proposed Bonus Issue				Proforma II After Proforma I and the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CBG	373,846,682	44.93	-	-	486,000,687	44.93	-	-	560,770,023	47.61	-	-
Farsathy	107,337,540	12.90	-	-	139,538,802	12.90	-	-	161,006,310	13.67	-	-
Chia Song Kun	450,000	0.05	383,677,998	46.11 ⁽¹⁾	585,000	0.05	498,781,397	46.11 ⁽¹⁾	585,000	0.05	573,550,734	45.96 ⁽¹⁾
Chia Seong Pow	1,880,000	0.23	111,132,740	13.36 ⁽²⁾	2,444,000	0.23	144,472,562	13.36 ⁽²⁾	2,444,000	0.21	165,940,070	13.30 ⁽²⁾
Chia Song Kooi	580,000	0.07	377,753,882	45.40 ⁽³⁾	754,000	0.07	491,080,047	45.40 ⁽³⁾	754,000	0.06	565,849,383	45.34 ⁽³⁾
Chia Seong Fatt	324,000	0.04	110,121,540	13.24 ⁽⁴⁾	421,200	0.04	143,158,002	13.24 ⁽⁴⁾	421,200	0.04	164,625,510	13.19 ⁽⁴⁾
Chia Song Swa	378,000	0.05	376,486,682	45.25 ⁽³⁾	491,400	0.05	489,432,687	45.25 ⁽³⁾	491,400	0.04	564,202,023	45.21 ⁽³⁾
Chia Mak Hooi	465,000	0.06	380,331,382	45.71 ⁽⁵⁾	604,500	0.06	494,430,797	45.71 ⁽⁵⁾	604,500	0.05	569,200,133	45.61 ⁽⁵⁾

Notes:-

- (1) Deemed interest via his and his spouse's interest in CBG, Attractive Features Sdn Bhd, his and his spouse's indirect interest in Ruby Technique Sdn Bhd as well as his spouse's, children's and their spouse's shares in QL.
- (2) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby Technique Sdn Bhd, his spouse's and children's shares in QL.
- (3) Deemed interest via his interest in CBG and indirect interest in Ruby Technique Sdn Bhd and his spouse's shares in QL.
- (4) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby Technique Sdn Bhd and his children's shares in QL.
- (5) Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in Ruby Technique Sdn Bhd and his father's and his father's and his spouse's shares in QL.

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Maximum Subscription Level

Major shareholders	Shareholdings as at 25 September 2013				Proforma I After the Proposed Bonus Issue				Proforma II After Proforma I and the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CBG	373,846,682	44.93	-	-	486,000,687	44.93	-	-	560,770,023	44.93	-	-
Farsathy	107,337,540	12.90	-	-	139,538,802	12.90	-	-	161,006,310	12.90	-	-
Chia Song Kun	450,000	0.05	383,677,998	46.11 ⁽¹⁾	585,000	0.05	498,781,397	46.11 ⁽¹⁾	675,000	0.05	575,516,997	46.11 ⁽¹⁾
Chia Seong Pow	1,880,000	0.23	111,132,740	13.36 ⁽²⁾	2,444,000	0.23	144,472,562	13.36 ⁽²⁾	2,820,000	0.23	166,699,110	13.36 ⁽²⁾
Chia Song Kooi	580,000	0.07	377,753,882	45.40 ⁽³⁾	754,000	0.07	491,080,047	45.40 ⁽³⁾	870,000	0.07	566,630,823	45.40 ⁽³⁾
Chia Seong Fatt	324,000	0.04	110,121,540	13.24 ⁽⁴⁾	421,200	0.04	143,158,002	13.24 ⁽⁴⁾	486,000	0.04	165,182,310	13.24 ⁽⁴⁾
Chia Song Swa	378,000	0.05	376,486,682	45.25 ⁽³⁾	491,400	0.05	489,432,687	45.25 ⁽³⁾	567,000	0.05	564,730,023	45.25 ⁽³⁾
Chia Mak Hooi	465,000	0.06	380,331,382	45.71 ⁽⁵⁾	604,500	0.06	494,430,797	45.71 ⁽⁵⁾	697,500	0.06	570,497,073	45.71 ⁽⁵⁾

Notes:-

- (1) Deemed interest via his and his spouse's interest in CBG, Attractive Features Sdn Bhd, his and his spouse's indirect interest in Ruby Technique Sdn Bhd as well as his spouse's, children's and their spouse's shares in QL.
- (2) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby Technique Sdn Bhd, his spouse's and children's shares in QL.
- (3) Deemed interest via his interest in CBG and indirect interest in Ruby Technique Sdn Bhd and his spouse's shares in QL.
- (4) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby Technique Sdn Bhd and his children's shares in QL.
- (5) Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in Ruby Technique Sdn Bhd and his father's and his father's and his spouse's shares in QL.

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5. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- (a) the shareholders of QL at an extraordinary general meeting ("**EGM**") to be convened;
- (b) Bursa Securities for the listing of and quotation for the Bonus Shares and Rights Shares on the Main Market of Bursa Securities;
- (c) the SC for the Proposed Exemption; and
- (d) any other relevant authorities, if required.

The Proposed Bonus Issue and Proposed Rights Issue are not conditional upon each other. However, the Proposed Rights Issue is conditional upon the Proposed Exemption.

Save for the above, the completion of the Proposals is not conditional upon any other corporate proposals of the Company.

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

Save as disclosed below, none of the Directors and major shareholders of QL and/or persons connected to them have any interest, whether direct or indirect, in the Proposals, apart from their respective entitlements under the Proposed Bonus Issue and the Proposed Rights Issue, which shall also be made available to all the other entitled shareholders of QL:-

- (a) CBG is deemed interested in the Proposed Exemption as it allows CBG to subscribe for its entitlement to the Rights Shares without extending a mandatory take-over offer for the remaining QL Shares not held by CBG and its PACs pursuant to the Code;
- (b) Chia Song Kun, Chia Seong Pow, Chia Song Kooi, Chia Seong Fatt, Chia Song Swa, Chia Mak Hooi, Cheah Juw Teck (collectively referred to as "**Interested Directors**") are deemed interested in the Proposed Exemption by virtue of them being persons connected with CBG pursuant to Section 122A of the Companies Act, 1965. Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of QL pertaining to the Proposed Exemption; and
- (c) CBG and the Interested Directors (collectively referred to as "**Interested Parties**") will also abstain from voting in respect of their direct and indirect shareholdings in QL on the resolution pertaining to the Proposed Exemption to be tabled at the EGM to be convened. The Interested Parties have also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in QL on the resolution pertaining to the Proposed Exemption to be tabled at the EGM to be convened.

7. DIRECTORS' STATEMENT

The Board (save for the Interested Directors with regards to the Proposed Exemption) having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and its shareholders.

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8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the first quarter of 2014.

9. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities for the Proposals shall be made within two (2) months from the date of this announcement.

10. ADVISERS

RHB has been appointed as the Adviser for the Proposals.

The Company will appoint an independent adviser to advise the non-interested shareholders of QL with regards to the Proposed Exemption in due course.

This announcement is dated 3 October 2013.