

OTHERS- Acquisition of new subsidiary namely Cargill Aquaculture Resources Sdn. Bhd. by Kembang Subur Sdn. Bhd., a subsidiary of QL Resources Berhad (“QL”)

## 1. INTRODUCTION

Pursuant to Para 9.19 (23) of the Main Market Listing Requirements, the Board of Directors of QL is pleased to announce that its subsidiary, Kembang Subur Sdn. Bhd. (Company No. 612363-T) (“KSSB” or the “Purchaser”) had on 19<sup>th</sup> January 2016 entered into Share Acquisition Agreement to acquire 100% equity interest in Cargill Aquaculture Resources Sdn. Bhd. (Company No. 813253-D) (“CAR” or the “Company”), comprising of four million (4,000,000) ordinary shares of RM1.00 each from Cargill Feed Sdn. Bhd. (Company No. 149374-D) (the “Vendor”) at a purchase price of RM1,300,000.00 (the “Acquisition”).

Upon completion of the Acquisition, CAR would become the wholly-owned subsidiary of KSSB.

## 2. INFORMATION ON VENDOR

The Vendor is a company incorporated in Malaysia and having its registered office at Lot # 55711, Dry Bulk Terminal, Jalan Mawar, West Port, Pulau Indah, Klang, Pelabuhan Klang, 42009 Selangor. The Vendor is the registered and beneficial owner of the entire issued and paid-up share capital of CAR.

## 3. INFORMATION ON CAR

CAR is a private limited company incorporated in Malaysia and having its registered address at Lot #55711, Dry Bulk Terminal, Jalan Mawar, West Port, Pulau Indah, 42009 Klang, Selangor, with an authorised share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 4,000,000 ordinary shares only have been issued and credited as fully paid-up.

CAR is principally engaged in the business of breeding, genetic selection and hatchery operation for the production of aquatic species.

CAR will become the registered lessee of the piece of agriculture land held under Pajakan Mukim 660, Lot 10029 (formerly held under HS(M) 1997, PT7713), Mukim Bebar, Daerah Pekan, Negeri Pahang measuring approximately 2.267 hectares (“Land”) for a term expiring on 31 December 2027 (hereinafter referred to the “Lease”).

## 4. PURCHASE PRICE AND TERMS

- 4.1 The purchase price was arrived based on willing buyer-willing seller basis and *inter alia* that the Company shall be free from all liabilities as at the Completion Date.
- 4.2 Upon execution of the agreement, the purchase price shall be payable in the following manner:-
  - (a) the Purchaser’s Solicitors are hereby authorised to retain from the Purchase Price a retention sum amounting to Ringgit Malaysia Thirty Nine Thousand (RM39,000.00) only, being three percent (3%) of the Purchase Price (“Retention Sum”), for RPGT purposes;

- (b) the Purchaser shall pay to the Vendor a balance deposit sum amounting to Ringgit Malaysia Ninety One Thousand (RM91,000.00) only, being seven percent (7%) of the Purchase Price (“Balance Deposit Sum”), as deposit and towards account of the Purchase Price; and
- (c) the Purchaser shall pay to the Vendor’s Solicitors as stakeholder the balance of the Purchase Price amounting to Ringgit Malaysia One Million One Hundred and Seventy Thousand (RM1,170,000.00) only, being ninety percent (90%) of the Purchase Price. The Vendor's Solicitors shall place all moneys received by them as stakeholders in an interest bearing deposit account with a reputable commercial bank of their choice in Malaysia pending the release of the moneys (including any interest) in accordance with the terms of the agreement.
- 4.3 The balance of the Purchase Price, together with interest (if any), shall be released by the Vendor's Solicitors to the Vendor upon the presentation of the relevant statutory form in respect of the transfer of the Lease to the Company at the relevant land registry or land office in accordance with the terms of the agreement.
5. SOURCE OF FUNDING
- The Acquisition would be financed via internally generated funds and borrowings.
6. FINANCIAL EFFECTS
- The Acquisition does not have any effect on the issued and paid up share capital of QL and has no material effect on the earnings and net assets of QL Group for the financial year ending 31 March 2016.
7. STATEMENT BY THE BOARD OF DIRECTORS
- The Directors of QL are of the opinion that the Acquisition is in the best interest of QL.
8. APPROVAL REQUIRED
- The Acquisition is not subject to QL’s shareholders’ approval.
9. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTEREST
- None of the directors and/or substantial shareholder of QL, or persons connected to such director and/or substantial shareholders has any interest, direct or indirect, in the Acquisition.
10. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTEREST
- The highest percentage ratio is 0.09%.

This announcement is dated 19<sup>th</sup> January 2016.