

QL RESOURCES BERHAD (“QL” OR THE “COMPANY”)

PROPOSED BONUS ISSUE OF SHARES

1. INTRODUCTION

On behalf of the Board of Directors of QL (“**Board**”), UOB Kay Hian Securities (M) Sdn Bhd (“**UOBKH**”) wishes to announce that the Company proposes to undertake a bonus issue of up to 1,216,828,569 new ordinary shares in QL (“**Bonus Share(s)**”) on the basis of 1 Bonus Share for every 2 existing ordinary shares in QL (“**QL Share(s)**” or “**Share(s)**”) held by the shareholders of QL whose names appear in the Company’s Record of Depositors on an entitlement date to be determined and announced later, upon the receipt of all relevant approvals (“**Entitlement Date**”) (“**Proposed Bonus Issue of Shares**”).

Further details of the Proposed Bonus Issue of Shares are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED BONUS ISSUE OF SHARES

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue of Shares entails the issuance of up to 1,216,828,569 Bonus Shares on the basis of 1 Bonus Share for every 2 existing QL Shares held by the shareholders of QL whose names appear in the Company’s Record of Depositors as at the close of business on the Entitlement Date (“**Entitled Shareholders**”).

As at 28 June 2024, being the latest practicable date prior to the date of this announcement (“**LPD**”), the Company has an issued share capital of RM620,024,896 comprising 2,433,657,139 QL Shares. For shareholders’ information, the Company does not have any treasury shares and convertible securities as at the LPD.

The entitlement basis for the Proposed Bonus Issue of Shares was determined after taking into consideration the following:-

- (i) the dilutive effects arising from the issuance of the Bonus Shares on the consolidated earnings per Share (“**EPS**”) and net assets (“**NA**”) per Share of the Company; and
- (ii) compliance with Paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) which states that QL must ensure that its share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the daily volume weighted average share price (“**VWAP**”) during the 3-month period before the application date.

For shareholders’ information, QL’s share price will be adjusted pursuant to the Proposed Bonus Issue of Shares. For illustration purposes, based on the 5-day VWAP of QL Shares up to and including the LPD as well as the lowest daily VWAP of QL Shares during the 3-month period before the LPD, the theoretical ex-bonus price (“**TEBP**”) of QL Shares after the Proposed Bonus Issue of Shares are set out as follows:-

	VWAP (RM)	TEBP (RM)
5-day VWAP up to and including the LPD	6.4958	4.3305
Lowest daily VWAP during the 3-month period before the LPD	5.9004	3.9336

(Source: Bloomberg)

Based on the above, the Board confirms that the share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the daily VWAP of QL Shares during the 3-month period before the LPD in accordance with Paragraph 6.30(1A) of the Listing Requirements.

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

The Proposed Bonus Issue of Shares will be implemented in a single issuance and not on a staggered basis over a period of time.

2.2 Capitalisation of reserves

The Bonus Shares will be issued as fully paid, at no consideration and without capitalisation of the Company's reserves.

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

2.3 Ranking of the Bonus Shares

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

2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities. The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date.

The notice of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders no later than 4 market days after the date of listing of and quotation for the Bonus Shares.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE OF SHARES

After due consideration of the various options available, the Board is of the view that the Proposed Bonus Issue of Shares is an appropriate avenue for the Company to reward its existing shareholders after taking into consideration the following:-

- (i) reward the Company's existing shareholders for their continuous support by increasing their equity participation in the Company in terms of the number of Shares held whilst maintaining their percentage equity shareholding;
- (ii) encourage the trading liquidity and affordability of QL Shares on the Main Market of Bursa Securities whilst increasing the number of Shares in issue without affecting the market capitalisation of the Company; and
- (iii) encourage greater participation by investors and potentially widen the share spread to a wider pool of investors.

4. EFFECTS OF THE PROPOSED BONUS ISSUE OF SHARES

The pro forma effects of the Proposed Bonus Issue of Shares on QL and its subsidiaries' (collectively referred to as the "QL Group" or the "Group") issued share capital, NA, NA per Share, gearing, substantial shareholders' shareholdings, earnings and EPS are set out below:-

4.1 Issued share capital

The pro forma effects of the Proposed Bonus Issue of Shares on the issued share capital of QL are set out below:-

	No. of Shares	RM
Issued share capital as at the LPD	2,433,657,139	620,024,896
Bonus Shares to be issued	1,216,828,569	(1)-
Enlarged issued share capital	3,650,485,708	620,024,896

Note:-

(1) The Bonus Shares will be issued as fully paid, at no consideration and without capitalisation of the Company's reserves.

4.2 NA, NA per Share and gearing

For illustration purposes, the pro forma effects of the Proposed Bonus Issue of Shares on the NA, NA per Share and gearing of QL Group based on the audited consolidated statement of financial position of QL Group for the financial year ended ("FYE") 31 March 2023 are as follows:-

	Audited as at 31 March 2023 (RM'000)	(1)After adjustments for subsequent events (RM'000)	Pro forma I After the Proposed Bonus Issue of Shares (RM'000)
Share capital	620,025	620,025	620,025
Translation reserves	(68,064)	(68,064)	(68,064)
Hedging reserves	1,341	1,341	1,341
Retained earnings	2,103,143	1,944,955	(2)1,944,825
Equity attributable to owners of the Company/NA	2,656,445	2,498,257	2,498,127
Non-controlling interests	231,101	231,101	231,101
Total equity	2,887,546	2,729,358	2,729,228
No. of Shares in issue ('000)	2,433,657	2,433,657	(3)3,650,485
NA per Share (RM)	1.09	1.03	0.68
Total borrowings (RM'000)	1,255,066	1,255,066	1,255,066
Gearing ratio (times)	0.47	0.50	0.50

Notes:-

(1) After adjusting for the following:-

(i) the payment of final single tier dividend of 3.50 sen per QL Share which was approved on 30 August 2023 for the FYE 31 March 2023 and paid on 22 September 2023, amounting to approximately RM85.18 million; and

(ii) the payment of single tier interim dividend of 3.00 sen per QL Share which was declared on 29 February 2024 for the FYE 31 March 2024 and paid on 29 March 2024, amounting to approximately RM73.01 million.

(2) After deducting an estimated expenses of approximately RM130,000 in relation to the Proposed Bonus Issue of Shares.

(3) After issuance of 1,216,828,569 Bonus Shares pursuant to the Proposed Bonus Issue of Shares.

4.3 Substantial shareholders' shareholdings

The Proposed Bonus Issue of Shares will not result in any changes to the percentage equity interest of the substantial shareholders of QL as the Bonus Shares will be allotted on a pro-rata basis to all the shareholders of QL. However, the number of QL Shares held by the substantial shareholders will increase proportionately as a result of the Proposed Bonus Issue of Shares.

For illustration purposes, the pro forma effects of the Proposed Bonus Issue of Shares on the substantial shareholders' shareholdings of QL are as follows:-

	Shareholdings as at the LPD				Pro forma I After the Proposed Bonus Issue of Shares			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(5)%	No. of Shares	(5)%
CBG (L) Pte Ltd	979,596,109	40.25	-	-	1,469,394,163	40.25	-	-
CBG (L) Foundation	-	-	(2)979,596,109	40.25	-	-	(2)1,469,394,163	40.25
Farsathy Holdings Sdn Bhd	281,632,294	11.57	-	-	422,448,441	11.57	-	-
Employees Provident Fund Board	130,120,790	5.35	-	-	195,181,185	5.35	-	-
Chia Song Kun	1,316,250	0.05	(3)1,001,896,271	41.17	1,974,375	0.05	(3)1,502,844,406	41.17
Chia Seong Pow	3,540,000	0.15	(4)291,957,466	12.00	5,310,000	0.15	(4)437,936,199	12.00
Chia Seong Fatt	390,000	0.02	(4)288,808,579	11.87	585,000	0.02	(4)433,212,868	11.87

Notes:-

- (1) Based on the existing issued share capital comprising 2,433,657,139 Shares as at the LPD.
- (2) Deemed interested via its direct interest in CBG (L) Pte Ltd pursuant to Section 8 of the Companies Act 2016 ("Act").
- (3) Deemed interested via his and his spouse's interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, Song Bak Holdings Sdn Bhd, his and his spouse's indirect interest in Ruby Technique Sdn Bhd and Pelita Global Sdn Bhd as well as his spouse's and children's shares in QL pursuant to Section 8 of the Act.
- (4) Deemed interested via his and his spouse's beneficial interest in Farsathy Holdings Sdn Bhd, his and his spouse's indirect interest in Ruby Technique Sdn Bhd and Pelita Global Sdn Bhd as well as his spouse's and children's shares in QL pursuant to Section 8 of the Act.
- (5) Based on the enlarged issued share capital comprising 3,650,485,708 Shares after the Proposed Bonus Issue of Shares.

4.4 Earnings and EPS

The Proposed Bonus Issue of Shares is not expected to have any effect on the consolidated earnings of the Group for the FYE 31 March 2025. There will be a corresponding dilution in the EPS of QL Group as a result of the increase in the number of QL Shares in issue pursuant to the Proposed Bonus Issue of Shares.

4.5 Convertible securities

QL does not have any convertible securities as at the LPD.

5. APPROVALS REQUIRED AND CONDITIONALITY

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

- (i) Bursa Securities for the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of QL at a general meeting of the Company to be convened; and
- (iii) any other relevant authority and/or party, if required.

The Proposed Bonus Issue of Shares is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

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

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue of Shares, including but not limited to the basis, rationale as well as the pro forma effects of the Proposed Bonus Issue of Shares, is of the opinion that the Proposed Bonus Issue of Shares is in the best interest of the Company.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Proposed Bonus Issue of Shares is expected to be completed by the third quarter of 2024.

9. ADVISER

UOBKH has been appointed as the Principal Adviser to QL for the Proposed Bonus Issue of Shares.

10. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application to the relevant authorities in relation to the Proposed Bonus Issue of Shares will be made within 1 month from the date of this announcement.

This announcement is dated 10 July 2024.