

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

PROPOSED ESTABLISHMENT OF A SHARE GRANT SCHEME OF UP TO 2.0% OF THE TOTAL NUMBER OF ISSUED SHARES OF QL (EXCLUDING TREASURY SHARES, IF ANY) FOR THE ELIGIBLE DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES OF QL AND ITS SUBSIDIARIES INCORPORATED IN MALAYSIA (“PROPOSED SGS”)

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 the establishment of a share grant scheme (“**SGS**”) of up to 2.0% of the total number of issued shares of QL (“**QL Share(s)**” or “**Share(s)**”) (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS (“**Scheme Period**”) for the eligible Directors, senior management and employees of the Company and its subsidiaries incorporated in Malaysia (but excluding the subsidiaries as stated in Note (1) of Section 2.3 of this announcement) (collectively referred to as “**QL Group**” or the “**Group**”) (“**Group Employee(s)**”), who fulfil the criteria of eligibility (“**Eligible Person(s)**”) stipulated in the by-laws governing the Proposed SGS (“**By-Laws**”).

The Proposed SGS serves as a long-term incentive plan to motivate, reward and retain the Group Employees who are instrumental to the continued success of QL Group.

The Proposed SGS does not involve the issuance of new QL Shares to the Eligible Persons and will instead be implemented through a share buy-back scheme and administered by a trustee to be appointed by QL Group (“**Trustee**”) under a trust to be established for the purposes of the SGS (“**Trust**”), details of which are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED SGS

The Proposed SGS entails the establishment and implementation of a SGS to enable the granting of existing treasury shares by QL to the Eligible Persons in accordance with the By-Laws. The Proposed SGS will be implemented and administered in accordance with the By-Laws by a committee to be appointed from time to time and approved by the Board, comprising such numbers of Directors and/or senior management of QL Group (“**SGS Committee**”).

The Proposed SGS shall be implemented through:-

- (i) the acquisition of up to 0.2% annually of the total number of issued QL Shares (excluding treasury shares, if any) through the share buy-back route⁽¹⁾;
- (ii) the acquired treasury shares retained by QL (“**SGS Share(s)**”) shall then be transferred to and held by a Trust; and
- (iii) the SGS Shares will be granted to the Eligible Persons (“**SGS Grant(s)**” or “**Grant(s)**”) (“**Participant(s)**”) in accordance with the By-Laws. No monetary consideration is required to be paid by the Participant(s) for the acceptance or subsequent vesting of the SGS Shares.

Note:-

- (1) *For the purposes of facilitating the implementation of the Proposed SGS, the Company had on, 30 August 2023, obtained the approval of its shareholders at its 26th Annual General Meeting (“AGM”) convened on 30 August 2023, whereby the Company had been given the renewal of the authority to purchase up to 10% of the total number of issued QL Shares from the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Renewal of Share Buy-Back Authority”), provided that the aggregate number of Shares purchased and/or retained as treasury shares shall not exceed 10% of the total number of issued QL Shares at the time of purchase and the maximum amount of funds to be utilised for the purpose of the Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company. Such Renewal of Share Buy-Back Authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company.*

Upon the expiration of the Renewal of Share Buy-Back Authority, the Company shall seek its shareholders’ approval at the next AGM of the Company to be convened in accordance with the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”).

Further details of the Trust arrangement are set out in **Section 2.9** of this announcement.

The SGS Committee may at its discretion, subject to approval from the Board, decide the allocation and granting of any SGS Shares to the Participants through a grant letter to be made in writing to the Participants (“**Grant Letter**”).

The SGS Committee will take into consideration amongst others, factors such as the prevailing market price of QL Shares, the potential cost arising from the granting of SGS Grants and any applicable laws, regulatory requirements and/or administrative constraints.

The salient terms of the Proposed SGS are set out as follows:-

2.1 Maximum number of QL Shares available under the Proposed SGS

As at 3 June 2024, being the latest practicable date prior to this announcement (“**LPD**”), the Company has an issued share capital of RM620,024,896 comprising 2,433,657,139 Shares.

The Company does not have any treasury shares as at the LPD.

The maximum number of SGS Shares which may be made available under the Proposed SGS and to be held by the Trust shall not:-

- (i) exceed in aggregate 2.0% of the total number of issued QL Shares (excluding treasury shares, if any) at any point in time during the Scheme Period; and
- (ii) exceed 0.2% of the total number of issued QL Shares (excluding treasury shares, if any) of each year within the Scheme Period,

(“**Maximum Grants**”).

Notwithstanding the above or any other provisions contained in the By-Laws, in the event that the aggregate number of SGS Shares granted under the Proposed SGS exceeds the Maximum Grants as a result of the Company purchasing its own Shares then subsequently retaining and/or cancelling the treasury shares in accordance to Section 127 of the Companies Act 2016 (“**Act**”), and/or the Company undertaking any other corporate proposal resulting in the reduction of its total number of issued Shares (excluding treasury shares, if any), then:-

- (i) such SGS Grant(s) granted prior to the adjustment of the Company’s total number of issued Shares (excluding treasury shares, if any) shall remain valid in accordance with the provisions of the By-Laws as if that reduction/adjustment has not occurred; and

- (ii) no further SGS Grant(s) shall be made by the SGS Committee until such aggregate number of SGS Shares made under the Proposed SGS falls below the Maximum Grants at any point in time over the Scheme Period.

If the aggregate number of SGS Shares in respect of the SGS Grants made by the Company is below the Maximum Grants as at the date of such adjustment of the Company's total number of issued Shares, the SGS Committee may, at its absolute discretion, make further SGS Grants but only until such aggregate number of SGS Shares in respect of the SGS Grants granted under the Proposed SGS is equivalent to the Maximum Grants after such adjustment of the Company's total number of issued Shares.

2.2 Basis and maximum allowable allocation

The aggregate maximum number of SGS Shares that may be granted to the Participants ("**Maximum Allowable Allocation**") shall be determined at the discretion of the SGS Committee after taking into consideration, various factors pertaining to the Participant such as position, performance, ranking, length of service, potential contribution to the QL Group and any other criteria which the SGS Committee may in its sole discretion deem fit, provided that:-

- (i) the directors and senior management do not participate in the deliberation and discussion of their respective allocations and/or the allocation to persons connected with them, if any; and
- (ii) not more than 10% of the SGS Shares under the Proposed SGS shall be allocated to any Participant who, either singly or collectively through persons connected with them, holds 20% or more of the total number of issued QL Shares (excluding treasury shares, if any),

subject always to any prevailing requirements issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

For avoidance of doubt, the SGS Committee shall have discretion in determining, amongst others:-

- (i) whether the granting of the SGS Shares to the Participants in a SGS Grant will be in a single tranche or on a staggered basis over the Scheme Period; and/or
- (ii) whether the SGS Grants are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance targets.

2.3 Eligibility

The Group Employees who meets the following conditions on the date on which a SGS Grant is made or deemed to be made by the SGS Committee ("**Grant Date**") will be eligible for consideration and selection as a Participant by the SGS Committee for the Proposed SGS:-

- (i) if the Group Employee has attained the age of 18 years and is not an undischarged bankrupt or subject to any bankruptcy proceedings;

- (ii) if the Group Employee is a Malaysian national and possess a residential address in Malaysia;
- (iii) if the Group Employee is employed on the Grant Date and he/she is employed:-
 - (a) on a full-time basis and is on the payroll of any eligible subsidiaries⁽¹⁾ and his/her employment has been confirmed by any company in QL Group in Malaysia (where he/she has been employed with the company in QL Group for at least 1 year from the date of such confirmation on employment) and has not served a notice of resignation or received a notice of termination; or
 - (b) serving in a specific designation under an employment contract for a fixed duration for any purposes or specific requirements of QL Group excluding those who are employed for a specific project or on short-term contract or any other employees under contract as the SGS Committee deems fit; or
 - (c) by any company in QL Group under a contract of service for a fixed duration notwithstanding he or she has attained retirement age (subject to the discretion of the SGS Committee); and
- (iv) the SGS Committee may determine any other eligibility criteria and/or waive any of the conditions of eligibility, for purposes of selecting an Eligible Person, at any time and from time to time, in the SGS Committee's discretion.

Note:-

- (1) *Refers to subsidiaries of QL within the meaning of Section 4 of the Act, and include:-*
 - (a) *subsidiaries which are existing as at the Effective Date (as defined in **Section 2.4** of this announcement); and*
 - (b) *any entity that subsequently become a subsidiary of QL as a result of a restructuring or acquisition or incorporated in Malaysia at any time during the Scheme Period unless determined by the Board and/or SGS Committee, in its sole discretion, that any such subsidiary of QL will not fall within this expression;*

but shall exclude any subsidiary(ies) whose shares are listed on a recognised stock exchange whether in or outside Malaysia, any subsidiary(ies) that are dormant and subsidiary(ies) which are not incorporated in Malaysia.

For avoidance of doubt, employees of foreign subsidiaries of QL Group are not eligible to participate in the Proposed SGS. However, QL Group is committed to implement an alternative scheme deem suited to reward the said employees in a manner equivalent to the Proposed SGS.

The Group Employee must fulfil any other criteria and/or fall within such category/designation of employment as may be determined by the SGS Committee from time to time at its sole discretion, whose decision in writing shall be final.

The eligibility under the Proposed SGS however, does not confer any employee with any rights whatsoever under or to participate in the Proposed SGS.

The entitlement to the SGS Shares for any Group Employee who holds more than 1 position within QL Group and by holding such position is an Eligible Person, shall be determined by the SGS Committee as the SGS Committee deems fit.

For clarification purposes, no Eligible Person shall participate, at any time, in more than 1 employees' share option or share grant scheme implemented by any company within the Group during the Scheme Period.

Notwithstanding anything to the contrary contained in the By-Laws, the SGS Committee has the sole discretion based on QL Group's prevailing policies to determine which categories of Group Employees shall not be eligible to participate in the Scheme, including the following:-

- (i) a Group Employee who belongs to the first generation of the founding members of QL; or
- (ii) a Group Employee who is a person connected to a major shareholder of QL and has a job grade with Hay Grading greater or equal to F23 (or such other equivalent job grade policy that QL Group may adopt and implement from time to time); or
- (iii) a Group Employee who is a shareholder in an eligible subsidiary with a shareholding of 5.0% and above.

2.4 Scheme Period and termination

The Proposed SGS, when implemented, shall take effect on an effective date to be determined by the Board following full compliance with the relevant requirements of the Listing Requirements and By-Laws ("**Effective Date**"). The Proposed SGS shall be in force for a period of 5 years from the Effective Date and may be extended at the discretion of the Board upon the recommendation of the SGS Committee provided that the Scheme Period shall not in aggregate exceed the duration of 10 years from the Effective Date or such longer duration as may be permitted by the relevant authorities.

Subject to compliance with the Listing Requirements and the By-Laws, the Proposed SGS may be terminated by the SGS Committee at any time before its expiry ("**Termination Date**") without obtaining the approvals or consents from the Participants or QL's shareholders, provided that the Company shall make an announcement immediately through Bursa Securities.

In the event of termination as stipulated above, the following provisions shall apply:-

- (i) no further SGS Grant(s) will be made by the SGS Committee from the Termination Date; and
- (ii) all unvested SGS Shares will cease to be capable of being vested in the relevant Participants.

Notwithstanding the above, on the expiry of the Scheme, the SGS Shares under any SGS Grants which has been granted but has yet to be vested (whether fully or partially) may at the absolute discretion of the SGS Committee be fully vested on to the Participant at the expiry of the Scheme.

2.5 SGS Price

The reference price ("**SGS Price**"), which is used to determine the number of SGS Shares to be transferred to the Trust will be based on:-

- (i) a price which is not less than the 5-day volume weighted average market price ("**VWAP**") of QL Shares transacted on Bursa Securities immediately preceding the date of the transfer; or
- (ii) a discounted price (as may be determined by the SGS Committee) of not more than 5% of the 5-day VWAP of QL Shares transacted on Bursa Securities immediately preceding the date of the transfer.

2.6 Ranking of the SGS Shares upon vesting of the SGS Grant and rights of a Participant

The SGS Shares to be transferred upon vesting of the SGS Grants will, upon transfer, rank equally in all respects with the existing QL Shares in issue. The SGS Shares will be subject to all provisions of the Constitution of QL and such amendments thereafter, if any.

2.7 Retention period

The SGS Shares to be granted pursuant to the Proposed SGS will not be subject to any retention period or restriction on transfer.

2.8 Amendment, variation and/or modification to the Proposed SGS

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the SGS Committee may at any time recommend to the Board any additions, amendments and/or modifications to and/or deletions of the By-Laws as it shall, in its discretion think fit and the Board shall have the power by resolution to make any additions, amendments, modification, variation and/or delete all or any part of the provisions of the By-Laws upon such recommendation, provided always that no such addition, amendment and/or modification shall be made which will:-

- (i) prejudice any rights then accrued to any Participant without the prior consent or sanction of that Participant (as the case may be);
- (ii) prejudice any rights of the shareholders of QL without the prior approval of QL's shareholders in a general meeting; or
- (iii) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the By-Laws through the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

Where an amendment and/or modification are made to the By-Laws, QL shall submit to Bursa Securities, the amendment and/or modification to the By-Laws and a confirmation letter in the form required under the Listing Requirements that the amendment and/or modification complies with the provision of the guidelines on the Proposed SGS stipulated under the Listing Requirements and the rules of Bursa Malaysia Depository Sdn Bhd no later than 5 market days from the effective date of the said amendments and/or modifications, if required.

2.9 Trust arrangement

For purposes of facilitating the implementation and administration of the Proposed SGS, the Company will establish a Trust to be administered by a Trustee to be appointed by QL from time to time. The Trustee shall, at such times the SGS Committee shall direct, receive any necessary number of SGS Shares from the Company to be held on trust, for the purpose of transferring the SGS Shares to the Participants upon the fulfilment of vesting conditions in accordance with the By-Laws.

The Trustee shall administer the Trust in accordance with a trust deed (“**Trust Deed**”). The Company and/or the SGS Committee shall have the power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED SGS

The Proposed SGS serves as a long-term incentive plan to motivate, reward and retain Eligible Persons who are instrumental to the continued success of QL Group.

In addition, the Proposed SGS is intended to achieve the following objectives:-

- (i) to align the long-term interest of the Participants with the interest of the shareholders of QL via direct participation in the equity of QL;
- (ii) to drive and motivate the Participants to work towards achieving QL Group’s goals and objectives;
- (iii) to reward the Participants in recognition of their accumulated contribution to the operations and continued growth of QL Group;
- (iv) to retain key employees by giving them a sense of ownership, loyalty and belonging to QL Group by enabling them to participate directly in the equity of QL and thereby provides an incentive for the Participants to participate in the future growth of QL Group and motivate them towards better performance through greater productivity and loyalty; and
- (v) to attract and retain high-calibre employees within QL Group.

As the Proposed SGS serves as a long-term incentive plan catering to Eligible Persons of the eligible subsidiaries of QL Group (as further detailed in **Section 2.3** of this announcement), QL Group is also committed to implement an alternative scheme deem suited to reward the employees of the foreign subsidiaries of QL Group in a manner equivalent to the Proposed SGS.

4. UTILISATION OF PROCEEDS

QL would not receive any proceeds pursuant to the Proposed SGS as the Participants would not have to make any payment in respect of the SGS Shares or the vesting of the SGS Shares granted.

5. EFFECTS OF THE PROPOSED SGS

5.1 Issued share capital

As the Proposed SGS does not involve any issuance of new QL Shares, there will be no impact on the issued share capital of QL.

5.2 Net assets (“NA”), NA per Share and gearing

Save for the potential impact of the Malaysian Financial Reporting Standards 2, on “Share-Based Payment” (“**MFRS 2**”) issued by the Malaysian Accounting Standards Board as elaborated in **Section 5.3** of this announcement, the Proposed SGS is not expected to have an effect on the NA, NA per Share and gearing of QL Group.

5.3 Earnings and earnings per Share (“EPS”)

The extent of the effect of the Proposed SGS on the earnings and EPS of QL Group cannot be determined at this juncture as it would depend on the fair value of SGS Shares as at the respective Grant Date. In accordance with MFRS 2, the cost of granting the SGS Shares is required to be measured at fair value on the Grant Date and recognised as an expense in the statement of comprehensive income of the Group over the vesting period of the SGS Grants. However, such expense recognised does not represent a cash outflow as it is only an accounting treatment.

The Board has taken note of the potential impact of MFRS 2 on the earnings of the Group and will monitor and assess the impact arising from the granting of the SGS Share(s) and/or the vesting of the SGS Grant(s) pursuant to the Proposed SGS on the earnings of the Group.

5.4 Convertible securities

The Company does not have any convertible securities as at the LPD.

5.5 Substantial shareholders’ shareholdings

The Proposed SGS is not expected to have any immediate effect of the shareholdings of the substantial shareholders of the Company until the purchase of QL Shares to be retained as treasury shares, the transfer of the SGS Shares to the Trustee and/or the subsequent transfer of the SGS Shares to the Participants by the Trustee.

Any effect on the substantial shareholders’ shareholdings in the Company will depend on the number of Shares purchased to be retained as treasury shares, and/or the number of SGS Shares transferred to the Trustee and the Participants.

6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed SGS is not subject to any regulatory approvals and the approval of the shareholders of QL as the Proposed SGS does not involve the issuance and/or granting of new QL Shares to the Eligible Persons.

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

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

None of the existing Directors, major shareholders, chief executive of QL and/or persons connected with them have any interest, direct or indirect, in the Proposed SGS. However, in the event that any allocations will be made to the Directors and/or persons connected with them (if any) under the Proposed SGS (“**Interested Directors**”) during the Scheme Period as disclosed in **Section 2.4** of this announcement, all Interested Directors will abstain and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective allocations and/or allocations to persons connected with them, if any, under the Proposed SGS.

Accordingly, in the event of such allocations, the Interested Directors and persons connected to the Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings, on the ordinary resolutions to be tabled at the general meetings of the Company to be convened, on the allocations to the Interested Directors and/or persons connected with them, if any, under the Proposed SGS.

8. DIRECTORS' STATEMENT

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

9. ESTIMATED TIMEFRAME FOR IMPLEMENTATION

Barring any unforeseen circumstances, the Proposed SGS is expected to be implemented in the second half of 2024.

10. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities will not be required for the Proposed SGS as the Proposed SGS does not involve the issuance of new QL Shares.

11. ADVISER

UOBKH has been appointed as the Adviser to the Company for the Proposed SGS.

This announcement is dated 24 June 2024.