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If you are in any doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser(s) immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the content of this Statement and Circular prior to its issuance as it is an Exempt Circulars pursuant to Paragraph 2.0, Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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QL RESOURCES BERHAD

(Company No. 428915-X)
(Incorporated in Malaysia)

PART A

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

PART B

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE**

The above proposals will be tabled as special business at the Company's 21st Annual General Meeting ("AGM") to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 August 2018 at 10.00 a.m., or at any adjournment thereof. The notice of AGM together with the Form of Proxy is set out in the Company's Annual Report 2018 which is despatched together with this Circular.

The Form of Proxy must be completed and lodged at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time stipulated for holding the AGM as indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 26 August 2018 at 10.00 a.m.

Date and time of the AGM..... : Tuesday, 28 August 2018 at 10.00 a.m.

This Circular is dated 27 July 2018

DEFINITIONS

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

“Act”	: Companies Act 2016
“AGM”	: Annual General Meeting
“Board”	: The Board of Directors of QL
“Bursa Depository”	: Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CBG”	: CBG Holdings Sdn. Bhd. (Company No. 116910-V)
“CBG (L)”	: CBG (L) Pte Ltd (Company No. LL13979), a company incorporated under the Labuan Companies Act 1990
“CBG Foundation”	: CBG (L) Foundation, a foundation established under the Labuan Foundations Act 2010
“Circular”	: This circular to the shareholders of QL dated 27 July 2018
“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, holding company or associated companies or a chief executive of QL, its subsidiary, holding company or associated companies
“Endau Group”	: QL Endau Marine Products Sdn. Bhd. (Company No. 16212-D) and its subsidiaries, collectively
“EPS”	: Earnings per share
“Farsathy”	: Farsathy Holdings Sdn. Bhd. (Company No. 61787-X)
“FYE”	: Financial year(s) ended/ending, as the case may be
“Interested Director(s)”	: The interested Directors being Dr. Chia Song Kun, Mr. Chia Seong Fatt, Mr. Chia Song Kooi, Mr. Chia Song Swa, Mr. Chia Mak Hooi, Mr. Cheah Juw Teck and Mr. Chia Lik Khai
“Listing Requirements”	: The Main Market Listing Requirements of Bursa Securities
“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

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	(b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
	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 family¹ 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 partner² 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 Renewal of RRPT Mandate"	: Proposed renewal of 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 (Company No. 428915-X)

1 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

2 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.

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“QL Farms Group”	: QL Farms Sdn. Bhd. (Company No. 133226-P) and its subsidiaries, collectively
“QL Group” or the “Group”	: QL and its subsidiaries, collectively
“QL Share(s)” or “Share(s)”	: Ordinary share(s) in QL
“Record of Depositors”	: A record of depositors established by Bursa Depository under the Rules of Bursa Depository, as amended from time to time
“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. (Company No. 405683-X)
“Rules”	: The Rules on Take-overs, Mergers and Compulsory Acquisitions, 2017, including any amendments that may be made from time to time
“Statement”	: Statement on the Proposed Share Buy-Back dated 27 July 2018
“SC”	: Securities Commission Malaysia
“Treasury Share(s)”	: Shares purchased by the Company, which are retained as treasury shares
“WAP”	: Weighted average market price

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 corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be reference to Malaysian time, unless otherwise specified.

Throughout this Circular, for ease of reading, certain figures have been rounded.

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PART A

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



QL RESOURCES BERHAD

(Company No. 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 25 August 2017, 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 held on Tuesday, 28 August 2018 unless renewal is obtained.

On 6 July 2018, the Board announced the Company's intention to seek shareholders' approval on 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 the passing of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority at the forthcoming AGM, and will 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 year ended 31 March 2018 is RM225,250,000.

Whereas the retained profits of the Company based on its unaudited management accounts as at 30 June 2018 is RM237,650,000.

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 WAP 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 WAP of the Shares immediately before the resale; or
- (b) a discounted price of not more than 5% to the 5 Market Days WAP 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; and/or
- (e) to resell the Treasury Shares on Bursa Securities.

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 to 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 Major Shareholders as at 30 June 2018, 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 2018 ⁽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)	682,554	42.07	-	-	682,554	46.74	-	-
Farsathy	195,955	12.08	-	-	195,955	13.42	-	-
<u>Directors</u>								
Chia Song Kun	877	0.05	695,727 ^a	42.88	877	0.06	695,727 ^a	47.65
Chia Song Kooi	1,131	0.07	3,173 ^b	0.20	1,131	0.08	3,173 ^b	0.22
Chia Seong Pow	2,860	0.18	199,963 ^c	12.32	2,860	0.20	199,963 ^c	13.69
Chia Seong Fatt	632	0.04	197,776 ^d	12.19	632	0.04	197,776 ^d	13.54
Chia Song Swa	737	0.05	1,810 ^b	0.11	737	0.05	1,810 ^b	0.12
Chia Mak Hooi	2,953	0.18	476 ^b	0.03	2,953	0.20	476 ^b	0.03
Cheah Juw Teck	2,602	0.16	1,100 ^b	0.07	2,602	0.18	1,100 ^b	0.08
Chia Lik Khai	1,768	0.11	190 ^b	0.01	1,768	0.12	190 ^b	0.01

Notes:-

- (1) The percentage shareholding is calculated based on 1,622,438,259 Shares in circulation.
 - (2) The percentage shareholding is calculated based on 1,460,194,434 Shares in circulation assuming a maximum of 162,243,825 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 SC 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 Rules.
- a Deemed interest via his and his spouse's interests in CBG (L), Song Bak Holdings Sdn. Bhd. (fka: Attractive Features Sdn. Bhd.), his and his spouse's indirect interest in RT as well as his spouse's, children's and their spouse's interests in QL.
- b Deemed interest via his spouse's interest in QL.
- c Deemed interest via his and his spouse's beneficial interests in Farsathy, his and his spouse's indirect interest in RT, his spouse and children's interests in QL.
- d Deemed interest via his and his spouse's beneficial interests in Farsathy, his and his spouse's indirect interests in RT and his children's interests in QL.

2.3 Public Shareholding Spread

As at 30 June 2018, the public shareholding spread of the Company is 38.56%. The public shareholding spread is expected to be reduced to 31.73% 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 Rules

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 Rules. 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 SC for an exemption to undertake a mandatory offer pursuant to the Rules.

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 preceding 12 months from 1 July 2017 up to 30 June 2018. 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 twelve (12) months to June 2018 are as follows:-

	High RM	Low RM
2017		
July	4.95	4.85
August	4.99	4.82
September	4.95	3.77
October	3.97	3.82
November	4.20	3.85
December	4.39	4.13
2018		
January	4.84	4.33
February	4.98	4.60
March	5.10	4.28
April	5.24	4.91
May	5.62	5.06
June	6.04	5.29

(Source: Bloomberg)

The last transacted price of QL Shares on 23 July 2018 (being the latest date prior to the printing of this Circular) was RM6.03.

3. RATIONALE OF 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 EPS 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 2018	1,622,438,259	405,609,547
<i>Less: Maximum number of Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back</i>	<i>(162,243,825)*</i>	<i>(40,560,955)*</i>
Resultant total number of issued shares	1,460,194,434	365,048,592

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 and/or distributed to the shareholders.

4.2 NA

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

The EPS 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. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

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 or resale of Treasury Shares.

7. DIRECTORS' 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 at the forthcoming AGM.

Yours faithfully,
For and on behalf of the Board
QL RESOURCES BERHAD

CHIA SONG KUN
Executive Chairman

PART B

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED
RENEWAL OF RRPT MANDATE**



QL RESOURCES BERHAD

(Company No. 428915-X)
(Incorporated in Malaysia)

Registered Office:-
No. 16A, Jalan Astaka U8/83
Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

27 July 2018

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, Mark	<i>(Executive Director)</i>
Cheah Juw Teck, Eric	<i>(Executive Director)</i>
Chieng Ing Huong, Eddy	<i>(Senior Independent Non-Executive Director)</i>
Tan Bun Poo, Robert	<i>(Independent Non-Executive Director)</i>
Prof. Datin Paduka 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>
Chia Seong Pow	<i>(Alternate Director to Chia Seong Fatt)</i>
Chia Song Swa	<i>(Alternate Director to Chia Mak Hooi)</i>
Chia Lik Khai	<i>(Alternate Director to Cheah Juw Teck)</i>

To: The shareholders of QL

Dear Sir / Madam,

PROPOSED RENEWAL OF RRPT MANDATE

1. INTRODUCTION

At the AGM held on 25 August 2017, the Company obtained shareholders' mandate on the Proposed Renewal of RRPT Mandate. The aforesaid mandate will expire at the conclusion of the forthcoming AGM which will be held on Tuesday, 28 August 2018 unless renewal is obtained.

On 6 July 2018, the Board announced the Company's intention to seek shareholders' approval on 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 food stores. The details of the principal activities of the subsidiaries are set out in Note 33 of the Company's Annual Report 2018.

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:-

- (a) 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;
- (b) 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;
- (c) issuing of circular to shareholders;
- (d) 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.
- (e) 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) Green Breeder Sdn. Bhd. (“**GB**”) is a company involved in livestock farming. The directors are Dr. Ng Siew Thiam (“**Dr. Ng**”) and spouse, Chew Ching Kwang. The major shareholder (85%) is May Hoo Trading Sdn. Bhd. owned by Dr. Ng and spouse. Dr. Ng is a Director of QL Livestock Farming Sdn. Bhd. (“**QLLF**”) He is also a Director and Major Shareholder (5%) in the holding company of QLLF, namely QL AgroResources Sdn. Bhd. (“**QLAR**”).
- (ii) Success Portfolio Sdn. Bhd. (“**SP**”) is a company engaged in livestock farming which Dr. Ng has interest by virtue of his and his spouse interests in May Hoo Trading Sdn. Bhd., which in turn holds 25% in SP. Dr. Ng is a director and shareholder of QLAR, a 95% owned subsidiary of QL and the holding company of QLLF. SP is 75% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.
- (iii) Sin Teow Fatt Trading Co. is a partnership involved in wholesale of fish and it is owned by Mr. Chia Teow Guan, Mr. Chia Song Pou, Mr. Cheah Yaw Song and Mr. Chia Song Phuan, who are also directors of QL Foods Sdn. Bhd. (“**QL Foods**”) and members of the Chia Family.
- (iv) Fusipim Sdn. Bhd. (“**Fusipim**”) is a company involved in processing of frozen and non-frozen seafood, operation of cold storage and warehouse as well as powder 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.
- (v) Mr. Cheah Joo Kiang had established a sole proprietorship under the name Cheah Joo Kiang Enterprise, 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 and Mr. Cheah Juw Teck are directors of QL Foods and shareholders of QL.
- (vi) Keang Huat Trading Sdn. Bhd. (“**KH**”) is a trading company of all kinds of hardware and a Major Shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. (“**QLEMP**”). Mr. Sim Chin Swee is a director and shareholder in both KH and QLEMP. QLEMP is 70.59% owned by QL.
- (vii) 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. Sim Chin Swee, Mr. Heng Hup Peng, Mr. Heng Chai Khoon, Mr. Chua Lee Guan and Mr. Loh Yoo Ming are Major Shareholders of PST. They are also shareholders of QLEMP holding 8.18% in total. Mr. Sim Chin Swee and Mr. Heng Hup Peng are directors of PST and Endau Group.
- (viii) 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. Sim Chin Swee, Mr. Heng Hup Peng, Mr. Heng Chai Khoon, Mr. Chua Lee Guan and Mr. Loh Yoo Ming are Major Shareholders of TTMP. They are also shareholders of QLEMP holding 8.18% in total. Mr. Sim Chin Swee and Mr. Heng Hup Peng are directors of TTMP and Endau Group.
- (ix) M.B. Agriculture (Sabah) Sdn. Bhd. (“**MB (Sabah)**”) is engaged in livestock farming and is wholly-owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.

- (x) C-Care Enterprise Sdn. Bhd. (“**C-Care**”) is engaged in businesses of sundry and other consumable goods. Mr. Chia Soon Hooi and his spouse are directors and shareholders of C-Care. Mr. Chia Soon Hooi is the son of Mr. Chia Teow Guan and the brother of Mr. Chia Mak Hooi. Mr. Chia Teow Guan is a director of QL Foods and member of the Chia Family whereas Mr. Chia Mak Hooi is a director and shareholder of QL.
- (xi) Arena Dijaya Sdn. Bhd. (“**Arena**”) is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL. Mr. Liu Sin is a director and shareholder of Arena as well as director of QL Farms Group and a shareholder of QL.
- (xii) M.B. Agriculture (Sandakan) Sdn. Bhd. (“**MB (Sandakan)**”) is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL. Mr. Liu Sin is a director and shareholder of MB (Sandakan) as well as director of QL Farms Group and a shareholder of QL.
- (xiii) E Koon Plastics Trading (“**E Koon**”) is a sole proprietorship engaged in wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C., retail sale of construction materials, hardware, paints and glass, wholesale of plastic materials in primary forms. E Koon is owned by Ms. Eng Siew Yong. She is the daughter-in-law and sister-in-law of Mr. Cheah Yaw Song and Mr. Cheah Juw Teck respectively, who are directors of QL Foods and QL Fishmeal Sdn. Bhd. as well as shareholders of QL.
- (xiv) Perikanan Hap Huat Sdn. Bhd. (“**PHH**”) is a wholesaler and engaged in trading of frozen edible fishes and other aquatic animals. Mr. Heng Hup Peng and Mr. Sim Chin Swee are the directors and shareholders of PHH. They are also the directors and shareholders of QLEMP.
- (xv) Hai Hong Fishery Sdn. Bhd. (“**HHF**”) is engaged in trading of fish, all types of fishery and seafood products. Mr Heng Hup Peng is a director and shareholder in both HHF and QLEMP.
- (xvi) 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. HP is an associate of MB (Sandakan), of which Farsathy is the ultimate holding company. Mr. Chia Seong Fatt is the director of QL Plantation Sdn. Bhd. (“**QLP**”), HP and Farsathy. He has deemed interest in HP by virtue of his beneficial interests in Farsathy.
- (xvii) 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 and Mr. Chia Lik Khai are directors 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.

2.3 Relationships of persons as set out in Section 2.2 above with QL's interested Directors and/or interested Major Shareholders and Persons Connected to them

Name of persons	Interested Directors and/or interested Major Shareholders 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 Suan Hooi Chia Siang Eng Chia Chong Lang Chia Bak Lang	Chia Seong Pow and Chia Seong Fatt	Siblings
Liu Sin	Chia Song Kun, Chia Seong Pow and Chia Seong Fatt	Brother-in-law
Chia Bak Lang	Chia Song Kun	Spouse
Koh Kwee Choo	Chia Seong Pow	Spouse
Sim Ahi Yok	Chia Seong Fatt	Spouse
Chia Teow Guan	Chia Mak Hooi	Father
Chia Soon Hooi	Chia Mak Hooi	Brother
Cheah Joo Kiang	Cheah Juw Teck	Brother
Cheah Yaw Song	Cheah Juw Teck	Father
Eng Siew Yong	Cheah Juw Teck	Sister-in-law

Name of persons	Interested Directors and/or interested Major Shareholders and Persons Connected to them	Nature of relationship with the interested Directors and/or interested Major Shareholders and Persons Connected to them
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 Chia Bak Lang Chia Cheong Soong	CBG	Director and shareholder Shareholder
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 Chia Bak Lang Chia Cheong Soong	CBG (L) [#]	Director of CBG (L) and beneficiaries of CBG Foundation Beneficiaries of CBG Foundation
Chia Seong Pow Chia Suan Hooi Chia Seong Fatt Chia Chong Lang Sim Ahi Yok Chia Chw Pew Koh Kwee Choo Chia Chew Seng Chia Chiew Yang Chia Chew Ngee	Farsathy [^]	Director and beneficial shareholder Beneficial shareholder

[#] The entire shareholdings in CBG (L) is held by CBG Foundation ("**Foundation**") for beneficiaries.

[^] The entire shareholdings in Farsathy is held by TMF Trustees Malaysia Berhad ("**TMF**"), a trust company registered under the Trust Companies Act, 1949 on trust for the beneficiaries of a family trust. Although TMF 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.

2.4 Nature of RRPT and Estimated Value

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 26 August 2017 to 30 June 2018 (RM'000)
1.	Sale of animal feed by QL Livestock Farming Sdn. Bhd. ("QLLF")	Green Breeder Sdn. Bhd.	10,000	24,000	18,388
2.	Sale of animal feed by QLLF	Success Portfolio Sdn. Bhd.	6,000	6,000	2,581
3.	Purchase of raw fish by QL Foods Sdn. Bhd. ("QL Foods")	Sin Teow Fatt Trading Co.	800	800	613
4.	Sale of surimi, surimi-based & flour-based product and frozen fish by QL Group	Fusipim Sdn. Bhd.	5,100	4,100	2,007
5.	Sale of surimi-based product by QL Foods	Cheah Joo Kiang Enterprise	5,000	4,300	3,431
6.	Purchase of spare parts by Endau Group	Keang Huat Trading Sdn. Bhd.	6,500	6,000	4,114
7.	Trading of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	2,000	1,500	815
8.	Trading of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	1,500	1,500	384
9.	Sale of animal feed and lubricant by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	20,000	9,466
10.	Sale of surimi-based product by QL Foods	C-Care Enterprise Sdn. Bhd.	3,000	1,500	1,253
11.	Sale of animal feed by QL Tawau Feedmill Sdn. Bhd. ("QLTF")		4,000	5,000	1,994
12.	Purchase of packing material by QL Farms Group	Arena Dijaya Sdn. Bhd.	20	20	6

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 26 August 2017 to 30 June 2018 (RM'000)
13.	Sales of animal feed by QLTF	M.B. Agriculture (Sandakan) Sdn. Bhd.	7,000	7,000	6,615
14.	Purchase of fresh fruit bunch and ERP fertilizer by QL Plantation Sdn. Bhd. ("QLP")		1,700	1,700	695
15.	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries and sale of broiler, meat/frozen food and organic fertilizer by QL Farms Group		600	600	369
16.	Purchase of packing material by QL Group	E Koon Plastics Trading	2,600	2,600	1,635
17.	Trading of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	100	100	53
18.	Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600	600	303
19.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	500	500	183
20.	Sale of organic fertilizer by QL Farms Group		80	80	-
21.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	300	300	128
22.	Sale of organic fertilizer by QL Farms Group		40	40	-

Note:-

* The new estimated value is based on the Management's estimate which takes into account the transacted amount for the financial year ended 31 March 2018 as well as the changing economic and competitive environment. Announcement will be made accordingly if the actual value exceeds the estimated value by 10% or more.

2.5 Amount due and owing by Related Parties

The details of the amount due and owing by Green Breeder Sdn. Bhd. (“GB”) which exceeded the credit term for the following periods as at the end of the financial year ended 31 March 2018 are as stated below:-

Exceeded Credit Term for:-	Principal (RM '000)	Interest (RM '000)
(a) a period of 1 year or less	6,961	80 ⁽¹⁾
(b) a period of more than 1 to 3 years	-	-
(c) a period of more than 3 to 5 years	-	-
(d) a period of more than 5 years	-	-

Note:

⁽¹⁾ interest charged at a sum of 0.75% per month for amount due and owing by GB that exceeded the credit term.

On 23 July 2018, GB had settled the principal amount due and owing. The Management, taking into consideration that GB is a long term business partner with good credit standing, will take reasonable steps and efforts to ensure that the interest arising from the amount due and owing is fully settled.

The Audit Committee and the Board of Directors have reviewed the outstanding interest and are of the opinion that it is part of a normal business term of the Group and is recoverable.

2.6 Review and disclosure procedures for RRPT

The Board will ensure that the methods or procedures adopted for pricing in the RRPT are consistent with the usual business practices and standards currently adopted by the Group in transactions with non-related parties. The Board will also ensure that the RRPT are conducted on an arms-length and on normal commercial terms taking into account prevailing market conditions and are not detrimental to the minority shareholders.

At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as 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.

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.

The Company maintains a quarterly report of all RRPT. This report is circulated to members of the Audit Committee and the Board on quarterly basis for review and deliberation, where necessary. 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.

There is no specific threshold for approval of the RRPT as all related party transactions will be subject to periodic reviews by the Audit Committee to ensure that they have been transacted on arm's length basis and on commercial terms not detrimental to the Group. Proper disclosures will be made in the Company's Annual Report in respect of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year. Further, the Company has engaged an internal auditor to review the RRPT as part of their job scope. Additionally, our Audit Committee shall 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.

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 OF 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 channeled 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 arms' 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.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of our other directors and/or Major Shareholders and Person Connected with them in QL are interested in the Proposed Renewal of RRPT Mandate.

The direct and indirect interests of the Interested Directors and/or Major Shareholders and Persons Connected with them in QL as at 30 June 2018 are as follows:-

Name/Company	Number of Shares ('000)			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
Major Shareholders				
CBG (L)	682,554	42.07	-	-
Farsathy	195,955	12.08	-	-

Name/Company	Number of Shares ('000)			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
<u>Directors</u>				
Chia Song Kun	877	0.05	695,727 ^a	42.88
Chia Song Kooi	1,131	0.07	3,173 ^b	0.20
Chia Seong Pow	2,860	0.18	199,963 ^c	12.32
Chia Seong Fatt	632	0.04	197,776 ^d	12.19
Chia Song Swa	737	0.05	1,810 ^b	0.11
Chia Mak Hooi	2,953	0.18	476 ^b	0.03
Cheah Juw Teck	2,602	0.16	1,100 ^b	0.07
Chia Lik Khai	1,768	0.11	190 ^b	0.01
<u>Persons Connected</u>				
Liu Sin	10,465	0.65	7,267 ^b	0.45
Chia Siang Eng	7,267	0.45	10,465 ^b	0.65
Cheah Yaw Song	7,098	0.44	1,078 ^b	0.07
Chia Song Phuan	6,700	0.41	5,554 ^b	0.34
Chia Song Pou	5,581	0.34	1,410 ^b	0.09
Chia Song Kang	4,118	0.25	140 ^b	0.01
Chia Teow Guan	3,574	0.22	-	-
Chia Kah Chuan	2,203	0.14	-	-
Chia Cheong Soong	1	-	656 ^b	0.04
Chia Suan Hooi	1,721	0.11	-	-
Chia Chong Lang	409	0.03	-	-
Chia Bak Lang	4,610	0.28	691,994 ^a	42.65
Koh Kwee Choo	2,340	0.14	200,483 ^c	12.36
Chia Soon Hooi	786	0.05	-	-
Eng Siew Yong	1,589	0.10	-	-
Chia Chw Pew	449	0.03	-	-
Chia Chew Seng	603	0.04	-	-
Chia Chew Ngee	133	0.01	-	-
Chia Chiew Yang	303	0.02	-	-
Sim Ahi Yok	-	-	198,407 ^d	12.23

Notes:-

- (1) The percentage shareholding is calculated based on 1,622,438,259 Shares in circulation.
- a Deemed interest via his/her and his/her spouse's interests in CBG (L), Song Bak Holdings Sdn. Bhd. (fka: Attractive Features Sdn. Bhd.) and his/her and his/her spouse's indirect interests in RT as well as his/her spouse's, children's and their spouse's interests in QL.
- b Deemed interest via their spouse's interests in QL.
- c Deemed interest via his/her and his/her spouse's beneficial interests in Farsathy, his/her and his/her spouse's indirect interests in RT, his/her spouse and children's interests in QL.
- d Deemed interest via his/her and his/her spouse's beneficial interests in Farsathy, his/her and his/her spouse's indirect interests in RT and his/her children's interests in QL.

The Interested Directors, interested Major Shareholders and interested 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. Our Interested Directors have and will continue to abstain from board deliberation on relevant transactions that they are interested in.

The 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 on the resolution pertaining to the Proposed Renewal of RRPT Mandate at the forthcoming AGM.

7. DIRECTORS' RECOMMENDATION

Our Directors (except the Interested Directors), having considered all aspects of the Proposed Renewal of RRPT Mandate, are of the opinion that it is in the best interest of the Company.

Other than the Interested Directors who are interested in the Proposed Renewal of RRPT Mandate and have refrained from making any recommendations in respect of this resolution, our Directors recommend that you vote in favour of the resolutions pertaining to the Proposed Renewal of RRPT Mandate to be tabled at our forthcoming AGM.

8. AGM

The 21st AGM will be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 August 2018 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 Annual Report 2018, which is dispatched together with this Circular.

If you wish to appoint a proxy to attend the AGM, you must complete the Form of Proxy enclosed with the Company's Annual Report 2018 in accordance with the instructions printed thereon. The Form of Proxy must be deposited at the Company's registered office at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan not later than 48 hours before the time fixed for the AGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

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

This Statement and Circular has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement contained herein false or misleading.

2. MATERIAL CONTRACTS

Neither QL nor any of its subsidiaries has entered into any contract which are or may be material (not being contracts entered into in the ordinary course of the Group's business) during 2 years immediately before the date of this Circular.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at 30 June 2018, neither QL nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of QL have no knowledge of any proceedings, pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of QL Group.

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 Statement and Circular up to and including the date of the AGM:-

- (i) The Constitution of QL; and
- (ii) The audited consolidated financial statements of QL for the past 2 FYEs 31 March 2017 and 31 March 2018.