

QAF LIMITED



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the future ahead.



Annual Report 2000

QAF Limited

Annual Report 2000

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I must emphasize that the success of the Group is dependent greatly on the support shown by all the stockholders, customers, employees, principals, suppliers and business associates.



Didi Dawis, Chairman



QAF Limited

Chairman's Review

The economic recovery in 2000 was encouraging for South East and East Asia although challenges remain. Political uncertainty in some countries and the possibility of an economic slowdown in the West may have some adverse effect on the growth rate of the region. Sentiments in certain sectors of the economy were weaker than expected.

Strategies and policies which are continually being reviewed and updated by management in view of the fast changing economic environment have resulted in the QAF Group maintaining its momentum of growth both in terms of turnover and profits. Turnover increased by 6% to \$487.5 million while profit after tax, rose by 9% to \$16.4 million.

The Group's operating units have established themselves firmly as leaders in the main markets that they operate in. **It is my firm belief that the Group will not only continue to remain a dominant force in existing markets but will enter into new markets with good growth potential.**

As such, I am confident that the record growth will continue unabated in the future.

The Directors are pleased to recommend a first and final dividend of 1.6 cents per stock unit less tax at 24.5 % (1999: 1.6 cents per stock unit less tax at 25.5%) for the financial year ended 31 December 2000.

Lastly, but not least, I must emphasize that the success of the Group is dependent greatly on the support shown by all the stockholders, customers, employees, principals, suppliers and business associates. I wish to thank them all.

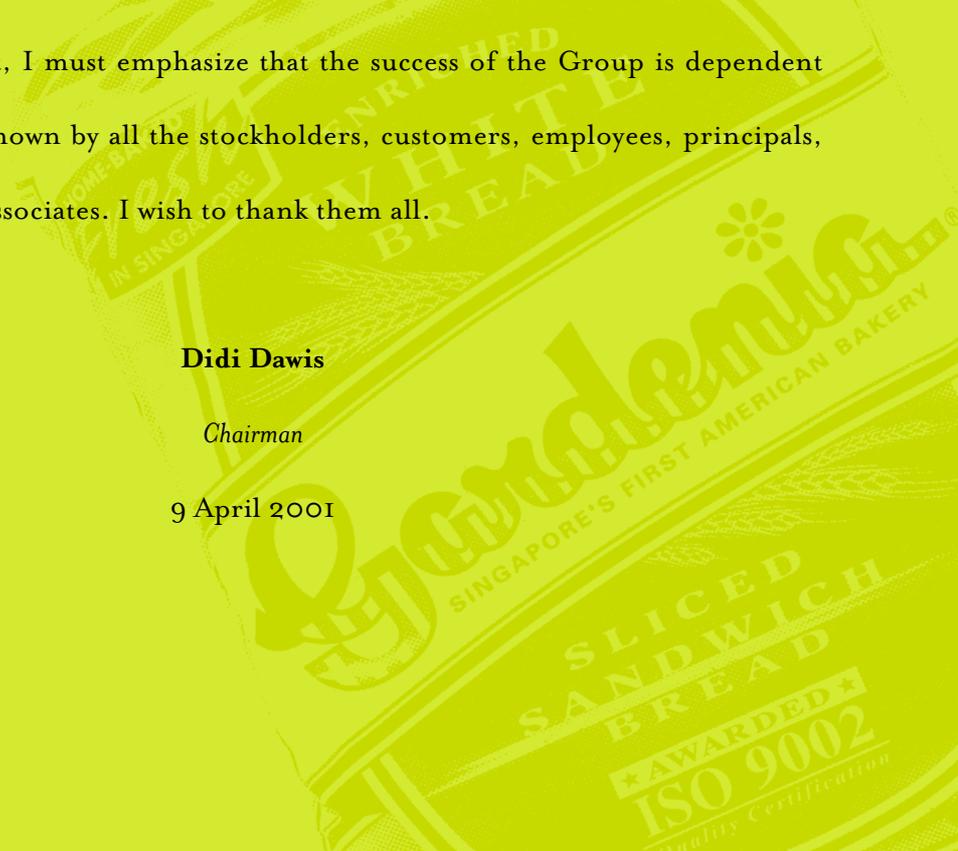
Didi Dawis

Chairman

9 April 2001

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While the Group has achieved its target for 2000, we are well prepared and confident of reaching higher milestones. We are continuing our efforts to seek out acquisition opportunities which will further our growth momentum.



Tan Kong King, Group Managing Director



QAF Limited

Group Managing Director's Report

The QAF Group has made another achievement for the financial year ended 31 December 2000. Turnover increased 6% to \$487.5 million from that of \$460.0 million in financial year ended 31 December 1999. Profit before tax increased by an even larger 17% to \$23.6 million. Group taxation, however, increased 64% to \$6.4 million in financial year 2000 as compared to \$3.9 million in financial year 1999 due mainly to the restoration of corporate income tax for our Malaysian operations after a tax free year given by the Government of Malaysia in 1999. Despite this, the Group still recorded an increase in profit after tax by 9% to \$16.3 million in financial year 2000 as compared to a profit after tax of \$15.0 million in financial year 1999.

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Profitability increased for the Gardenia Singapore operations. Although the year saw price wars and aggressive promotions on the part of competitors, Gardenia maintained its leading position in the bread market. Consumers still associate Gardenia with the attributes of quality, freshness, tastiness and value for money. Operating margins improved with the increased sales of new products as well as higher productivity and efficiency. In February 2001, Gardenia Singapore completed its acquisition of the Bonjour bakery operations, a major competitor in the Singapore market. **The integration of the Bonjour range of products and its existing operations with that of Gardenia's will not only increase market share but will result in substantial gains from economies of scale, productivity and rationalization of operations.** Our customers will also be more efficiently served with better products.

The Singapore operations will concentrate on the introduction of new products to meet the needs of consumers. Effective promotion programmes are being constantly formulated to reach out to the various market segments.

The Malaysian arm of the Gardenia operations, Gardenia Bakeries (KL) Sdn Bhd, increased its sales and moved further ahead of its competitors. The product range was

expanded to cater to the needs of the growing market. As all four existing plants are now operating at full capacities, the Company is constructing its fifth plant at Bukit Kemuning which should be operational by the latter half of 2000. GBKL is expected to maintain its growth momentum when the new plant begins commercial production.

In January 2001, the QAF Group entered into a strategic alliance with Padiberas Nasional Berhad ('Bernas') a Malaysian Company that is listed on the Kuala Lumpur Stock Exchange. Bernas is a leading player in the processing, trading and distribution of rice and other food products in Malaysia. As the first step in our strategic alliance, the QAF Group has entered into a conditional agreement to sell a 30% stake in GBKL to Bernas for RM54.8 million (\$25 million, approximately).

Both the QAF and Bernas Groups will jointly explore investment opportunities in the food industry. The prospect is exciting as both Groups have carefully built up a reservoir of experience and expertise over the years which can be used to successfully manage our investments. Furthermore, the extensive distribution networks maintained by both Groups - 12,500 distribution points for GBKL and 17,000 for Bernas - constitute a powerful platform for the distribution of other food products. Both Groups will explore possible investments in the manufacturing and distribution of flour, biscuits, cooking oil and other rice and/or wheat based food products.

We are also heartened by the good performance of our bakery operations in the Philippines. The Gardenia brand is now the leading brand in the Metro Manila market and has achieved the largest market share. Gardenia Philippines is aggressively promoting its growth through the introduction of new products and effective sales and promotion programmes. Gains were also made in the area of production and distribution efficiencies.

Due to the high growth in sales, the present plant has reached full capacity within a short period of time. Work has begun to install a second production line which should begin commercial production in the latter part of 2001.



QAF Limited

The supermarket operations in Singapore, under Shop N Save, have increased the number of its stores by 20% to 30. We are now ranked as one of the largest chains in Singapore, both in terms of market share and number of stores. The industry was affected by the general decline in consumer confidence in the second half of 2000. In spite of this, Shop N Save remained profitable and has maintained its growth momentum.

The distribution companies, Ben Foods (S) in Singapore and Ben Trading (M) in Malaysia, performed well in the financial year 2000. Their strategy of developing their own proprietary brands have been largely successful. The proprietary brands of Farmland, Cowhead and Orchard Fresh are now established consumer brands in the food and beverage industry. The newly acquired Haton brand of seafood products has also been well received by the market and promises to contribute to the growth of Ben Foods (S) in the near future. The wine division of Ben Foods (S) is growing with the addition of several exclusive brands.

Cold storage operations under NCS Stores (S) and QAF Fruits Cold Store also performed well in 2000. NCS Cold Stores' efforts to use the period of economic slowdown and overcapacity in 1998 and the first half of 1999 to upgrade their equipment and services have borne fruit. Occupancy rates have risen to 95% and the number of new customers increased significantly.

The QAF Group is in a very healthy financial position with strong operating cash flows. The Balance Sheet is also strong with negligible Group borrowings and a solid capital structure. While the Group has achieved its target for 2000, we are well prepared and confident of reaching higher milestones. We are continuing our efforts to seek out acquisition opportunities which will further our growth momentum.

Tan Kong King

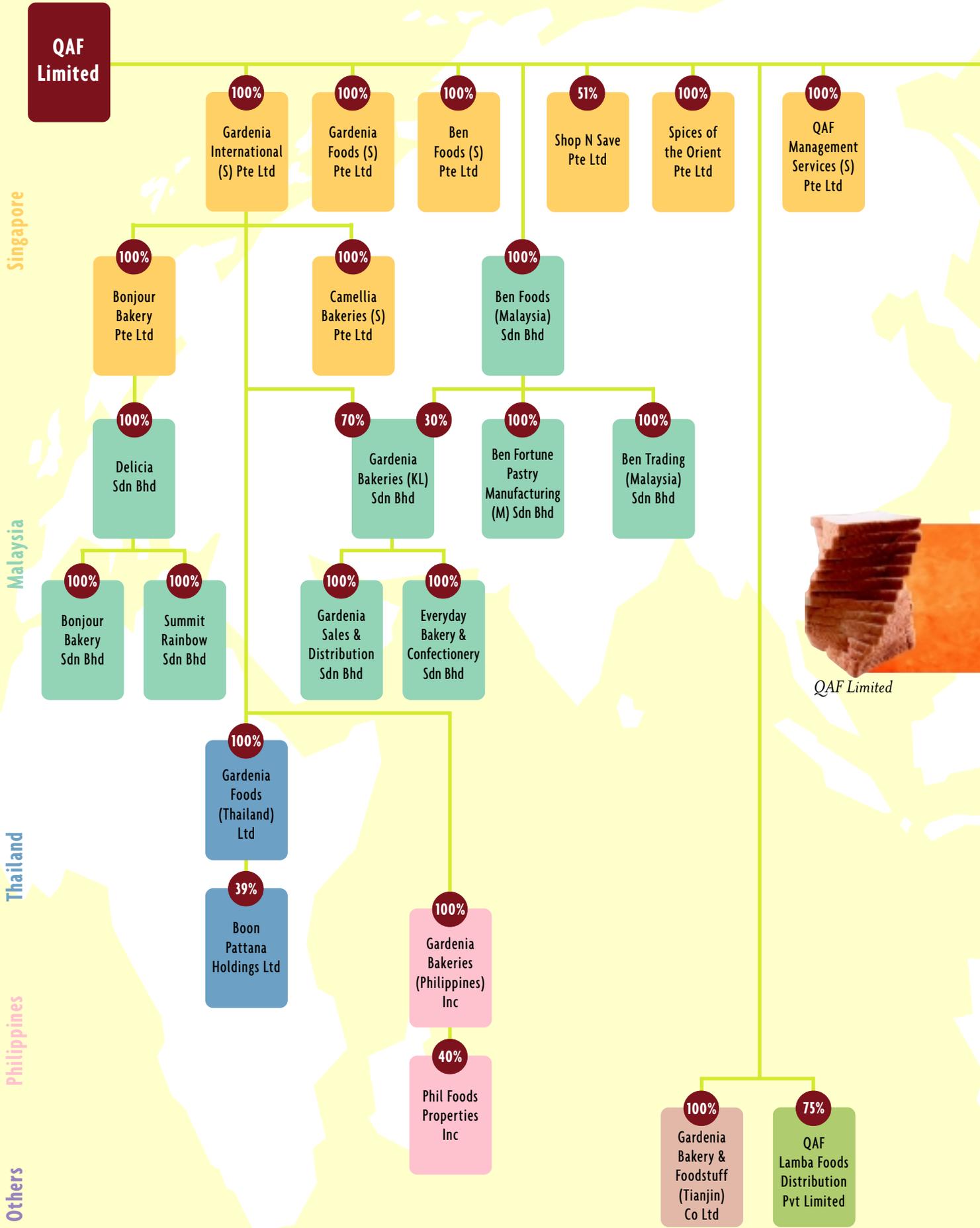
Group Managing Director

9 April 2001

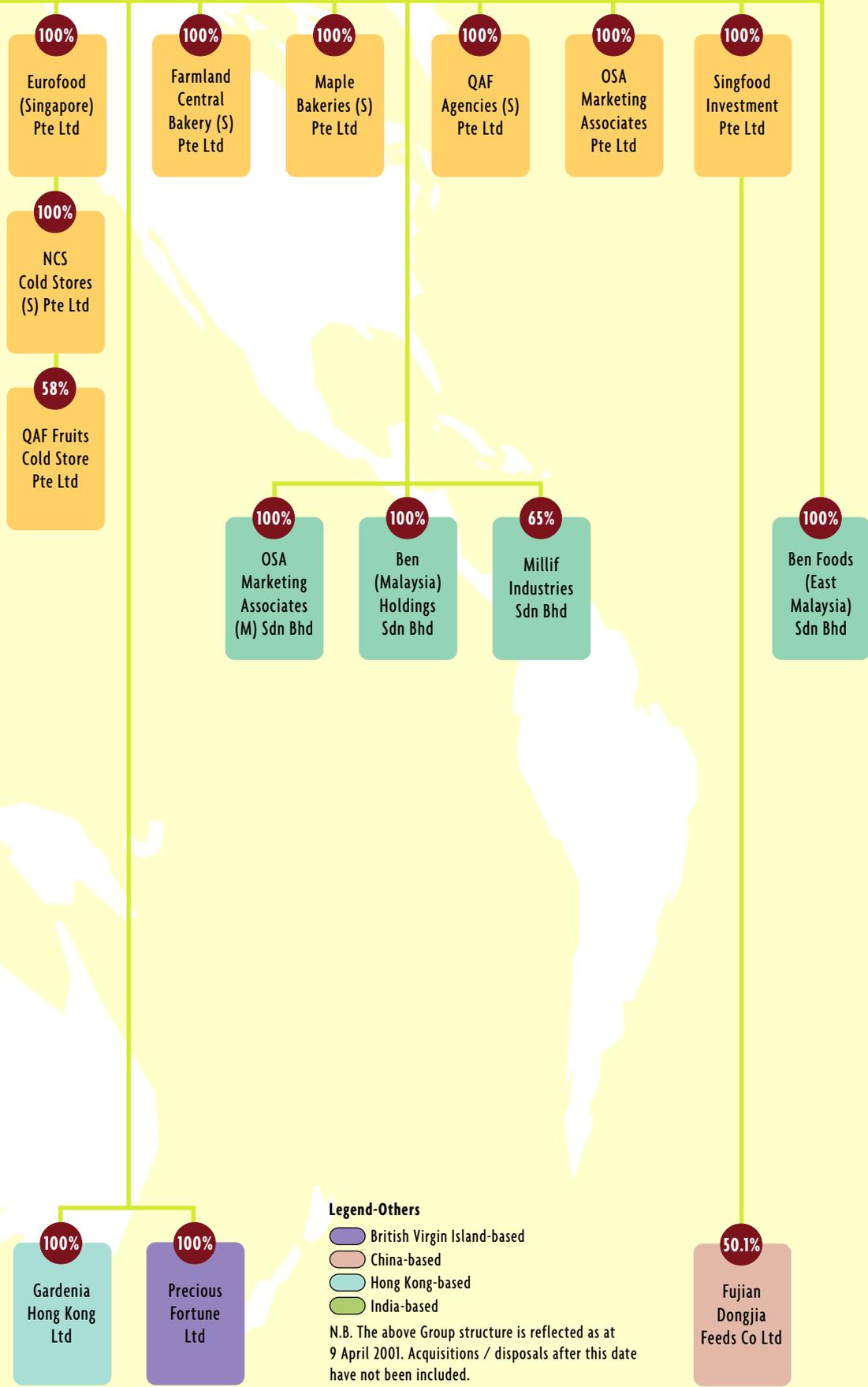
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Group Structure as of 9 April 2001



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Legend-Others

- British Virgin Island-based
- China-based
- Hong Kong-based
- India-based

N.B. The above Group structure is reflected as at 9 April 2001. Acquisitions / disposals after this date have not been included.

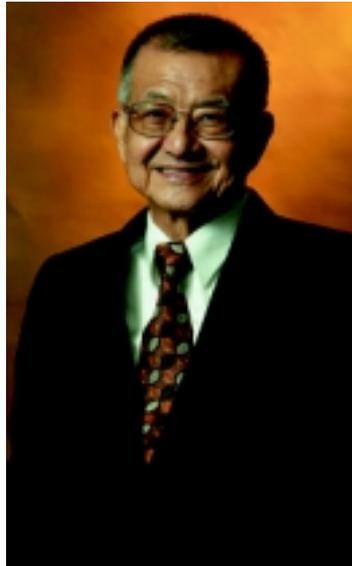
Board of Directors



Mr Didi Dawis



Mr Tan Kong King



Mr Phua Bah Lee



Dr Siew Teck Woh



QAF Limited



Mdm Tarn Teh Chuen



Mr Derek Cheong Kheng Beng



Mr Kelvin Chia Hoo Khun

Corporate Data

Directors

Mr Didi Dawis, *Chairman*

Mr Tan Kong King, *Group Managing Director*

Mr Phua Bah Lee

Dr Siew Teck Woh

Mdm Tarn Teh Chuen

Mr Derek Cheong Kheng Beng

Mr Kelvin Chia Hoo Khun

Audit Committee

Mr Phua Bah Lee, *Chairman*

Mr Kelvin Chia Hoo Khun

Mr Derek Cheong Kheng Beng

Secretary

Ms Lee Woan Ling

Registrar

Barbinder & Co Pte Ltd

8 Cross Street

#11-00 PWC Building

Singapore 048424

Tel: 236 3333

Fax: 236 3405

Auditors

Ernst & Young

10 Collyer Quay

#21-01 Ocean Building

Singapore 049315

Audit Partner: Mr Daniel Soh

Registered and Corporate Office

150 South Bridge Road

#09-04 Fook Hai Building

Singapore 058727

Tel: 538 2866

Fax: 538 6866

Place of Incorporation

Singapore

Principal Banker

Citibank N.A

Date of Incorporation

3 March 1958

Company Registration No.

195800035-D

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Operational Review

FOOD MANUFACTURING

Gardenia Foods (S) Pte Ltd ('Gardenia Singapore')

Gardenia Singapore saw increased profitability despite stiff competition in the form of aggressive promotions with rebates and heavy price discountings. **The Gardenia brand maintained its dominant market share in the branded bread market and margins improved through the introduction of a new range of products as well as improved efficiency and productivity.** The higher operating profits more than offset the hefty increases in the prices of electricity, fuel, gas as well as personnel costs faced by the industry in 2000.

The year 2000 also saw an increased presence of cheaper products from neighbouring countries. Gardenia responded to the challenge by improving customer servicing and introducing effective marketing and promotion activities.

Gardenia Singapore launched the Jumbo 600, a larger extension of the Gardenia Enriched White Bread, in May 2000. This new product, which retails at \$1.80, proved to be a hit with the bigger families in Singapore and provides Gardenia an opportunity to enter the institutional market segment comprising caterers, hospitals and airlines.



QAF Limited

In August 2000, Gardenia participated as a sponsor in the National Day celebrations for the second year running. To coincide with Singapore's 35th birthday celebrations, Gardenia Singapore launched two new buns. 150,000 spectators and participants had the opportunity to savour the Gardenia Tuna Bun and the Gardenia Tropicana Bun before their launch in the retail market.

Freshly baked to a traditional American Recipe, the Gardenia Tuna Bun contains a low fat filling of tuna flakes which is high in Omega-3 fatty acid, an ingredient which is beneficial to health. Gardenia Tropicana Bun contains the finest grade of tropical fruits like mango, papaya and pineapple. Both buns are retailing at \$0.70.

To welcome the festive season in the later part of the year, the Company launched its Festive Loaf Special with a new improved recipe. Baked by Gardenia's characteristic American Sponge and Dough method, this 500 gm Festive Loaf is filled with wholesome and natural ingredients such as sweet and juicy cranberries, succulent California raisins, crunchy almonds, tangy citrus peel and a hint of cinnamon. Priced at \$4.00 per loaf, the Gardenia Festive Loaf was available for a limited period during the festive season.

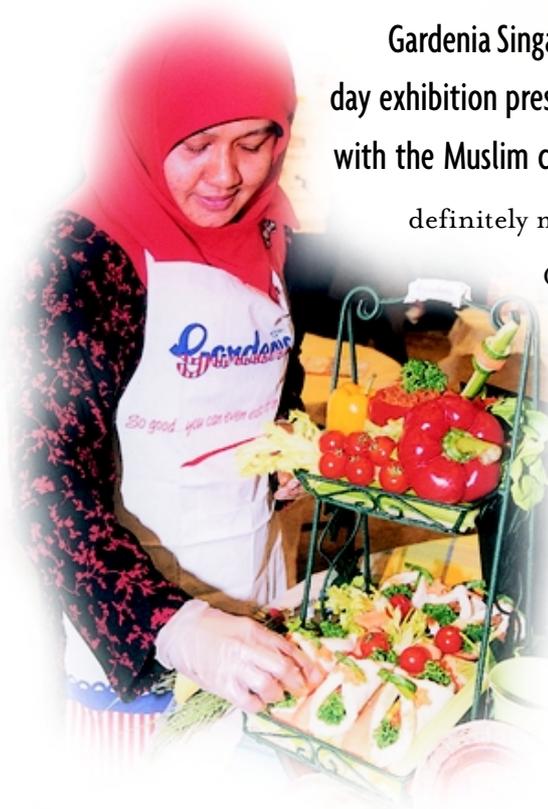


Several new initiatives in the area of sales promotion were made during the year. In March 2000, a "Home Baked Fresh" campaign was launched which introduced a 20 second TV commercial as well as new improved packaging. This campaign was further extended to a nationwide "Fresh Ways to Win" contest for consumers which was held in September and October. To participate in this contest consumers just had to send in any 2 Gardenia loaf packagings and they could win cash prizes totalling \$60,000. This promotion was extremely successful and attracted a record number of entries.

Gardenia Singapore also participated in the Halal Food Fiesta in June 2000. This five day exhibition presented Gardenia with an opportunity to enhance its brand franchise with the Muslim community. With a turnout of about 40,000 people, Gardenia definitely made its presence felt with activities such as product sampling, a Gardenia Creative Sandwich Competition and the making of the longest sandwich in aid of charity.

In September, Gardenia Singapore also participated in a 5 day Heart Expo 2000 exhibition. This event provided Gardenia another opportunity to showcase and promote its healthy range of high fibre and wholemeal products. Gardenia was the official bread sponsor of the "Snoopy's Birthday Celebrations Show" at the Singapore Expo. More than

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90,000 visitors attended the 10 day exhibition. About 190 schools took part in the "Gardenia Best Dressed Snoopy Contest" where they had to dress Snoopy in the most creative manner using only Gardenia wrappers. The winner was Serangoon Garden Secondary School who will represent Singapore in an international competition in the US.

Gardenia Bakeries (KL) Sdn Bhd ('GBKL')

GBKL had another successful year of operations. Margins were maintained despite escalations in certain production cost components such as packaging materials, diesel and toll rates.



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With strong branding exercises, a good range of high quality products, a very extensive distribution network and the persistent work of R&D, GBKL continues to move further ahead of the competition. In this respect, The Gold Medal range of premium sandwich bread was successfully launched. This was followed by 2 variants of 'Fun in a Bun'.

The year under review also saw a very intensive upgrade of GBKL's merchandising program to cater to the expanded product range as well as to strengthen Gardenia's premium brand image. New stand designs were placed in the market and special displays were arranged with high traffic outlets.



New products are currently being developed in GBKL's Research & Development Centre and they should be ready for launching in the year 2001. The products will enable GBKL to enter new market segments and broaden the Company's market base. Preliminary findings seem to indicate that these products have potential and should lead to further growth in terms of turnover and profits.



Growth rates have been so rapid that all four existing plants are now running at full capacities. **An additional new plant, GBKL's fifth, is currently under construction in Bukit Kemuning and should be on stream by the third quarter of year 2001.** We are beefing up our resources in logistics to prepare ourselves for the additional sales which will be generated by this plant.

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Gardenia Bakeries (Philippines) Inc ('Gardenia Philippines')

Gardenia Philippines had a very successful year in 2000. Gardenia has been rapidly established as the leading brand in the Metro Manila market with the largest market share. Sales grew by a very encouraging 66% while profitability from bread operations has improved significantly.

The Gardenia brand is now the fastest selling brand of sandwich bread in the Metro Manila market and has attracted a sizeable and loyal customer base. **More and more consumers are associating the Gardenia products with the unique attributes of taste, freshness, aroma, softness and wholesomeness.** The Company is aggressively increasing product awareness in the market through advertising, in-store promotions, product sampling and joint-promotions with other products. Gardenia's innovative, unique and effective approaches in the areas of merchandising and promotion have become the envy of competitors so much so that they are trying to follow Gardenia's marketing styles. Market information shows that only Gardenia is experiencing significant growth while other major competitors are registering declines in sales.

The rapid growth in sales was attributable mainly to aggressive market penetration with the opening of new accounts in supermarkets, petrol stations and mini-marts. This expansion was supported by vigorous advertising and promotional campaigns using creative messages through the media. A new channel of distribution was introduced with the inauguration of direct home delivery services in the districts of Ayala Alabang and Makati.



New products such as specialty bread (California raisin and Chocolate Chip), hotdog buns, hamburger buns and Choco Filled Buns were also introduced during the year and their contributions to Gardenia Philippines look promising. The momentum gained by these efforts should lead to another high growth year in 2001.

Significant improvements were made in the production and distribution operations which led to gains in efficiency and reduced distribution costs. As a result, gross margins were markedly increased despite

increases in raw material costs resulting from higher oil prices and the devaluation of the peso.

As sales have grown above original expectations, the present plant is operating at full capacity. The Company is now upgrading its premises and installing a second production line. This line should come on stream in late 2001.



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Gardenia Foods (Thailand) Ltd ('Gardenia Thailand')

The performance of Gardenia Thailand was hampered by intense competition. The industry was affected by a shakeout with many independent bakeries shutting down. Price-cutting and heavy in-store promotions were used by all the major bread manufacturers. Amidst adverse market conditions, Gardenia Thailand still managed to maintain its position as the No. 2 brand in terms of share in the Thai bread market.

Gardenia Thailand has embarked on a programme of rationalisation of product lines. New product lines, which cater to the taste of the consumers such as vegetarian bread (with vitamin additives) and butter slice with honey, differentiate Gardenia bread from others. At the same time, products with limited growth potential have been terminated.



TRADING, DISTRIBUTION, RETAILING AND COLD STORAGE

Shop N Save Pte Ltd ('Shop N Save')

The general retail and supermarket industry in Singapore was affected by weak consumer sentiments in the later half of 2000. Cost also increased due mainly to higher electricity charges. Despite these difficult conditions, Shop N Save remained profitable and continued to expand which is in line with the Company's plan to establish itself as one of the leading supermarket chains in Singapore.



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Shop N Save opened 6 new stores in 2000, bringing the total number of stores to 30. New stores opened in 2000 include Woodlands North Plaza, Vista Point (in Woodlands), Ang Mo Kio 2 (the second in the Ang Mo Kio area), Yishun 2 (the second in the Yishun Area), Tampines Block 506 and Serangoon North. The Shop N Save chain is now one of the leading supermarket chains both in terms of market share and the number of retail outlets.

More of our stores are opening earlier for the convenience of our customers with 9 more of our stores opening at 7.00 am, bringing the total number of stores which open at 7.00 am to 22. The early morning opening concept is being received enthusiastically by our customers.





In September 2000, the Company was awarded the People Developer Standard Award. This award from the Singapore Productivity and Standards Board (PSB) was given in recognition of Shop N Save's total commitment to train and develop its staff to meet the Company's business goals. In addition, 21 staff members were recognised publicly by the PSB in December for their excellent service.

Shop N Save will face new challenges in 2001. The industry will undergo a structural change with the entrance of hypermarkets, the growth of chain convenience stores as well as a shake-out of mid-size chains, independent stores and the traditional provision shops. Given the situation, Shop N Save is challenged to carve out a niche for itself and maintain its momentum to establish itself as a major player in the supermarket industry.



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Ben Foods (S) Pte Ltd ('Ben Foods')
And Ben Trading (M) Sdn Bhd ('Ben Trading')

Ben Foods, a leading distributor of food and beverage products in Singapore, achieved higher profits in 2000. This is commendable in view of the softer market situation.



Profitability was due, to a large extent, on the Company's ability to build on its proprietary brands such as Farmland, Cowhead and Orchard Fresh. **The Company has added seafood products to its list of proprietary brands with the recent acquisition of the Haton brand of seafood products.** The design of the Haton range of canned seafood products was revamped to increase the brand's profile. Two new products were launched during the year - Snow Top Shell and Bamboo Asparagus Clam. The Company also entered the frozen seafood market by launching Haton Fish Fillet, a convenient and ready to eat product. These new products have been well received by the trade.

The wine division is facing increasing demand. As such, the range of wine has been expanded by the acquisition of the exclusive distributorship of Domaine St. George California Wines and Bay & Newton Johnson South African wines.

Domaine St. George is a renowned group of exclusive handcrafted wines. The wines are released under the label 'STG' which is the monogram of "St George". The winery released an estate-bottled Russian River Valley Cabernet Sauvignon from its own vineyards. Only limited amounts are produced each time. The South African winery of Bay & Newton Johnson, located along the Atlantic Ocean coastline of South Africa, provides a good range of fruity flavoured wines for easy drinking.



Ben Foods is confident that the strategy of developing in-house proprietary brands will enable the Company to establish its own market niche and maintain its position in the market.

The Malaysian distribution arm, Ben Trading, achieved significantly higher operating profits in 2000. The Company was successful in its strategy of focusing on higher margin proprietary brands and agency lines while applying stringent cost control and good trade credit policies. Plans are on foot to develop and market new products in 2001 which should put Ben Trading on a very strong platform for future growth.



Ben Fortune Pastry Manufacturing (M) Sdn Bhd (‘Ben Fortune’)

Ben Fortune achieved profitability in its operations amidst a highly competitive environment. More export customers

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were secured while new products such as French Garlic Bread and Italian Pizzetta helped the Company maintain its position in the local market. **New products are targetted to be launched in 2001 for the export market which should ensure that the Company maintains its profit growth.**

NCS Cold Stores (S) Pte Ltd ('NCS')

After experiencing a downturn in the frozen storage industry in 1999, NCS posted strong growth in 2000. Much of the increase can be attributable to measures taken by the Company during the downturn to increase productivity and efficiency including investments in state of the art equipment. **The number of new customers increased and average occupancy rates have reached 95%.**

NCS is continually searching out ways to provide efficient service for its customers and the Company will invest and install new compressors this year to replace older units. The new compressors will be operational in mid-2001.

Turnover and profitability should improve further in 2001 as rental rates, which were reduced during the last recession, are restored.

Spices Of The Orient Pte Ltd ('SOTO')

SOTO has maintained its reputation for providing high quality spices for its customers. Purchases of raw materials are made directly from overseas sources. This reduces dependence on local suppliers who tend to charge higher prices.

Sales revenue increased by more than 21% while profitability also improved significantly.

Operating expenses were further trimmed through rationalisation.

The 'Spices Of The Orient' brands of seasonings and spices are made for the convenience of customers as they are easy to use for food preparation. The products are also widely available in most retail outlets. During the year, new products such as a range of curry powders packed in easy to use satchets were introduced.

In addition to products produced for the consumer, SOTO also provides contract packing and grinding services.



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Report of the Directors

The directors have pleasure in presenting their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2000.

Principal activities

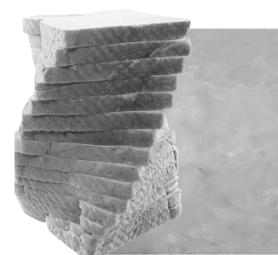
The principal activities of the Company are those of an investment holding and management company. The principal activities of the Group consist of the manufacture and distribution of bread, bakery and confectionery products; operation of supermarkets; cold storage warehousing; trading and distribution in food, beverages, food related ingredients and commodities; and investment holding.

There have been no significant changes in the nature of these activities during the financial year.

Results for the financial year

	Group \$'000	Company \$'000
Profit before extraordinary items	16,410	6,423
Extraordinary items	(5)	188
Profit for the year transferred to revenue reserves	16,405	6,611

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been affected by any item, transaction or event of a material and unusual nature other than the extraordinary items disclosed in note 9 to the financial statements.



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Material transfers to/(from) reserves and provisions

The following amounts have been credited/(debited) to :

	Group \$'000	Company \$'000
Revenue reserve		
- transfer from revaluation reserve	49	-
- changes in Group structure	(552)	-
- dividends less tax	(3,962)	(3,962)
- net profit for the year	16,405	6,611
Foreign currency translation reserve		
- exchange difference arising on consolidation	177	-

There have been no material transfers to or from reserves or provisions apart from the amounts shown above and except for normal amounts set aside for such items as depreciation of property, plant and equipment, provision for doubtful debts, stock obsolescence and income tax as disclosed in the financial statements.

Dividends

During the financial year, the Company paid a first and final dividend of 4% (1.6 cents per stock unit) less tax amounting to \$3,909,872 in respect of the previous financial year as proposed in the report of the directors of that year.

The directors propose a first and final dividend of 4% less tax (1.6 cents per stock unit) amounting to \$3,962,353 be paid in respect of the financial year ended 31 December 2000.

Share capital and debentures

- (a) During the financial year, the issued share capital of the Company was increased to \$131,203,749 by the issue of new ordinary shares of \$0.40 each in the Company converted immediately into the following new stock units of \$0.40 each by way of :

	Number of stock units issued	Representing Paid-up capital \$'000	Share premium \$'000
Exercise of Warrants 2003 to subscribe for new shares at the exercise price of \$0.50 per share	2,000,000	800	200

The new stock units rank pari passu in all respects with the existing stock units.

- (b) During the financial year, OSA Marketing Associates Pte Ltd increased its share capital from \$5,200,002 to \$6,000,000, for working capital purposes, by an issue of 799,998 ordinary shares of \$1 each fully paid by the capitalisation of inter-company loans.

During the financial year, Gardenia Bakery & Foodstuff (Tianjin) Co Ltd increased its registered capital from US\$2,000,000 to US\$4,000,000, for working capital purposes, by the capitalisation of inter-company loans.

Acquisition and disposal of subsidiary companies

During the financial year, Farmland Central Bakery (S) Pte Ltd, a wholly-owned subsidiary company, transferred its entire interest in Maple Bakeries (S) Pte Ltd ("Maple Bakeries") to the Company. Maple Bakeries is dormant with liabilities of \$12,000 on the date of transfer. The transfer to the Company was transacted at a consideration of \$2.

Other than the incorporation of Fujian Dongjia Feeds Co Ltd, a corporation in the People's Republic of China which shareholding interest is 50.1% held by Singfood Investment Pte Ltd, a wholly owned subsidiary of the Company, there was no other acquisition of subsidiary company during the financial year.

During the financial year, the following subsidiary companies were liquidated through members' voluntary liquidation :

Name of company	Interest held %
Sommerset Cottage Food Services Sdn Bhd	100
Ben (Perak) Sdn Bhd	100

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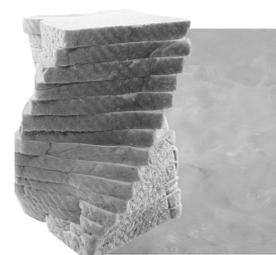
Directors of the Company

The directors of the Company in office at the date of this report are :-

Didi Dawis (Chairman)
 Tan Kong King (Group Managing Director)
 Phua Bah Lee
 Dr Siew Teck Woh
 Tarn Teh Chuen
 Derek Cheong Kheng Beng
 Kelvin Chia Hoo Khun

The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in the stock units of the Company, as stated below :

Name of director	Direct interest		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
<i>Number of stock units of \$0.40 each</i>				
Didi Dawis	–	32,680,000	45,820,712	45,820,712
Phua Bah Lee	–	–	25,000	25,000
Tan Kong King	–	100,000	–	–
Dr Siew Teck Woh	20,000	20,000	–	–
<i>Number of Executives' 1990 Share Options to subscribe for shares in the Company</i>				
Tan Kong King	600,000	600,000	–	–
Dr Siew Teck Woh	230,000	230,000	–	–
Tarn Teh Chuen	230,000	230,000	–	–
<i>Number of Executives' 2000 Share Options to subscribe for shares in the Company</i>				
Tan Kong King	–	300,000	–	–
Dr Siew Teck Woh	–	230,000	–	–
Tarn Teh Chuen	–	230,000	–	–



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There was no change in any of the abovementioned interests between the end of the financial year and 21 January 2001.

No director who held office at the end of the financial year had an interest in shares or debentures of the Company's subsidiary companies.

Since the end of the previous financial year, no director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Companies Act, Cap. 50 except those disclosed in note 6 to the financial statements.

Except for the Share Options as disclosed above, neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share Options and Warrants to subscribe for ordinary shares

(a) Share Options under the QAF Executives' 1990 Share Option Scheme (the "1990 Scheme") - The 1990 Scheme was approved by the members of the Company at an Extraordinary General Meeting held on 2 February 1990. Particulars of the options granted in the previous years under the 1990 Scheme have been set out in the report of the directors for the respective years. The 1990 Scheme had expired although the Options granted thereunder remain valid and exercisable for a period of five years from the respective dates of grant.

(b) Share Options under the QAF Executives' Share Option Scheme 2000 (the "2000 Scheme")

(i) The 2000 Scheme was approved by the members of the Company at an Extraordinary General Meeting held on 12 May 2000. The maximum number of shares to be issued to eligible employees under the 2000 Scheme shall not exceed 15% of the issued share capital of the Company from time to time. Options may be granted at a discount not exceeding 20% of the prevailing market price but not less than the par value of the share.

An option granted without discount to the market price shall be exercisable from the 1st anniversary to the 10th anniversary of the offering date. An option granted at a discount to the market price shall be exercisable from the 2nd anniversary to the 10th anniversary from the offer date.

The offer price shall be equal to the average of the last dealt prices for a share for the 3 consecutive trading days immediately preceding the offer date.

(ii) Disclosures pursuant to Listing Manual requirements :

The 2000 Scheme is administered by the 2000 Option Committee with members appointed by the Board, comprising two non-executive directors (namely Mr Didi Dawis and Mr Phua Bah Lee) and one executive director (namely Mr Tan Kong King). Non-executive directors, controlling shareholders of the Company and their associates (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ["SGX-ST"]) are not eligible to participate in the 2000 Scheme.

The directors of the Company who were granted options under the 2000 Scheme are as follows :

Name of participant	Options granted during financial year under review	Aggregate options granted since commencement of the 2000 Scheme to end of financial year under review	Aggregate options exercised since commencement of the 2000 Scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Tan Kong King	300,000	300,000	Nil	300,000
Dr Siew Teck Woh	230,000	230,000	Nil	230,000
Tarn Teh Chuen	230,000	230,000	Nil	230,000

None of the executive directors and employees of the Group who participated in the 2000 Scheme has received 5% or more of the total number of options available under the 2000 Scheme.

(c) During the financial year 2,000,000 stock units of the Company were issued to warrant-holder of the Warrants 2003, the details of which are described under the Caption "Share capital and debentures".

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(d) Unissued ordinary shares under warrants and options at 31 December 2000 comprise :

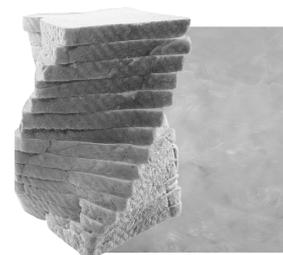
	Ordinary shares of \$0.40 each	Exercise price per share	Exercise period
Warrants 2003	21,700,000	\$0.500	22 December 1998 to 21 December 2003
Executives' 1990 Share Option	197,000	\$0.590	13 May 1999 to 12 May 2003
Executives' 1990 Share Option	300,000	\$0.400	28 August 1999 to 27 August 2003
Executives' 1990 Share Option	904,000	\$0.780	3 May 2000 to 2 May 2004
Executives' 1990 Share Option	760,000	\$0.892	4 September 2000 to 3 September 2004
Executives' 2000 Share Option	2,492,000	\$0.630	26 May 2001 to 25 May 2010

The holders of the Warrants 2003, Executives' 1990 Share Options and 2000 Share Options have no right to participate by virtue of these options in any share issue of any other company in the Group.

Asset values

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that :

- action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values or adequate provision had been made for the difference between those values.



QAF Limited

At the date of this report, the directors are not aware of any circumstances which would render :

- any amount written off or provided for bad and doubtful debts in the Group inadequate to any substantial extent; and
- the values attributed to current assets in the consolidated financial statements misleading.

Charges and contingent liabilities

Since the end of the financial year no charge on the assets of the Company or any company in the Group has arisen which secures the liabilities of any other person.

Since the end of the financial year no contingent liability of the Company or any company in the Group has arisen.

No contingent or other liability of the Company or any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other circumstances affecting the financial statements

At the date of this report the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

Unusual items after the financial year

In the opinion of the directors other than the items disclosed in Note 34, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

Audit committee

The audit committee comprises three members, all of whom are non-executive directors. The members of the audit committee at the date of this report are :

Phua Bah Lee (Chairman)

Kelvin Chia Hoo Khun

Derek Cheong Kheng Beng

Mr Phua Bah Lee and Mr Kelvin Chia Hoo Khun are considered independent directors in accordance with the provisions of the SGX-ST Listing Manual.

The committee meets periodically with management, internal and external auditors of the Company to discuss and review :

- (a) the audit plans of the internal and external auditors of the Company and the results of their examination and evaluation of the Company's systems of internal accounting controls;
- (b) scope and results of internal audit procedures;
- (c) the Company's financial and operating results and accounting policies;
- (d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the auditor's report on those financial statements;
- (e) the assistance given by management to the internal and external auditors;
- (f) nomination of an external auditor; and
- (g) interested person transactions of Chapter 9A of the SGX-ST Listing Manual.

The audit committee recommends the re-appointment of Ernst & Young as auditors of the Company.

Auditors

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On Behalf of the Board

Didi Dawis

Director

Tan Kong King

Director

Singapore

9 April 2001



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Report on Corporate Governance

The Company is committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group which strives to preserve the interests of all stockholders.

Board of Directors

The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by management and monitors standards of performance and issues of policy, both directly and through its committees.

The Board comprises 7 directors, 3 of whom hold executive positions :

Non-executive directors :

Didi Dawis (Chairman)
Phua Bah Lee
Kelvin Chia Hoo Khun
Derek Cheong Kheng Beng

Executive directors :

Tan Kong King (Group Managing Director)
Siew Teck Woh
Tarn Teh Chuen

The Board holds meetings periodically each year to consider and resolve the major financial and business matters concerning the Group; it also reviews the Group's financial performance and evaluates the performance of the Group year to year.

In between Board meetings, important matters concerning the Group are put to the Board for its decision by way of circulating resolutions-in-writing for the directors' approval together with supporting memorandum (where relevant) enabling the directors to make informed decisions.

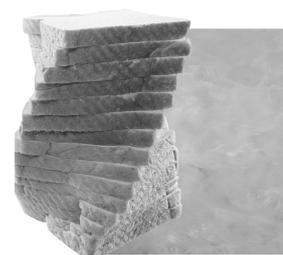
To enable the Board to carry out its functions more effectively, the following sub-committees were formed :

Audit Committee

The details of the members and functions of the audit committee are stated in the report of the directors.

The committee has full access to and co-operation by the Company's management and the internal auditors and has full discretion to invite any director or executive officer to attend its meetings. The Group Financial Controller attends meetings of the committee regularly. The external auditors have unrestricted access to the audit committee.

The audit committee may examine whatever aspects it deems appropriate of the Group's financial affairs, including but not limited to the Group's internal and external audits and its exposure to risks of a regulatory or legal nature and the effectiveness of the Group's system of accounting and internal financial controls. The audit committee has reasonable resources to enable it to discharge its functions properly.



QAF Limited

Executives' Share Option 1990 Scheme Committee

There were three members in the Executives' Share Option 1990 Scheme Committee ("1990 Option Committee") until the demise of Dr Ernest Lai, which left the Committee with two members, both are independent of management :

Didi Dawis
Phua Bah Lee

The committee is responsible for the administration of the said 1990 Scheme in the Company. Members of the 1990 Option Committee did not participate in the 1990 Scheme.

The 1990 Scheme had expired on 31 December 1999.

Executives' Share Option Scheme 2000 Committee

The members of the QAF Limited Executives' Share Option 2000 Scheme Committee ("2000 Option Committee") are :

Didi Dawis
Phua Bah Lee
Tan Kong King

The 2000 Option Committee was appointed by the Board. No member of the 2000 Option Committee shall be involved in any deliberation or decision making in respect of any options to be offered or granted to him.

Securities transactions

The Company has issued an Internal Compliance Code to directors and key employees of the Group, to emphasise the importance when dealing in the stocks of the Company, of observing the recommendations of the Best Practice Guide issued by SGX-ST. In addition, a memorandum is issued before the start of each "closed period" to remind executives to refrain from dealing in the Company's stocks during the month prior to release of the announcement of the Group's financial results.

Policy of Dissemination of Public Information

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Accordingly, the Company adopts a policy of giving full disclosure in all public announcements, press releases, circulars to shareholders, interim reports and annual reports.

On Behalf of the Directors

Didi Dawis

Director

Tan Kong King

Director

Singapore
9 April 2001



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Statement by Directors

Pursuant to Section 201(15)

We, Didi Dawis and Tan Kong King, being two of the directors of QAF Limited, do hereby state that, in the opinion of the directors :

- (i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated statement of cash flow together with the notes thereto, set out on pages 32 to 61 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2000, the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended, and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On Behalf of the Board

Didi Dawis

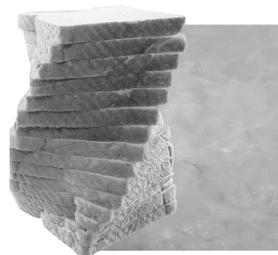
Director

Tan Kong King

Director

Singapore

9 April 2001



QAF Limited

Auditors' Report

to the Members of QAF Limited

We have audited the financial statements of QAF Limited set out on pages 32 to 61. These financial statements comprise the balance sheets of the Company and of the Group as at 31 December 2000, the profit and loss accounts and the statements of changes in equity of the Company and of the Group and statement of cash flows of the Group for the year ended 31 December 2000, and the notes thereto. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of :
 - (i) the state of affairs of the Company and of the Group as at 31 December 2000, the results and changes in equity of the Company and of the Group and cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiary companies of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of those subsidiary companies audited by member firms of Ernst & Young International are stated in Note 31.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and in respect of subsidiary companies incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG

Certified Public Accountants

Singapore
9 April 2001



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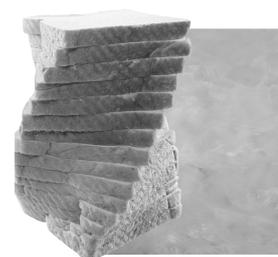
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Profit and Loss Accounts

for the year ended 31 December 2000

(In Singapore dollars except per share data)

	Note	Group		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Revenue	3	487,459	460,012	7,443	7,068
Other revenue	4	4,143	4,338	6,890	5,738
Total revenue		491,602	464,350	14,333	12,806
Cost and expenses					
Cost of materials		324,054	308,475	–	–
Staff and related expenses		62,235	57,638	3,595	3,860
Amortisation and depreciation	5	17,855	17,897	264	196
Operating lease expenses		17,017	15,236	93	101
Other operating expenses		46,199	43,311	329	526
Total costs and expenses		467,360	442,557	4,281	4,683
Profit from operating activities	6	24,242	21,793	10,052	8,123
Finance costs	7	(635)	(1,650)	–	(1,310)
Share of loss of associated companies		(52)	–	–	–
Profit from operations before taxation and minority interests		23,555	20,143	10,052	6,813
Taxation	8	(6,181)	(3,904)	(3,629)	(2,165)
Minority interests		(964)	(1,223)	–	–
Net profit before extraordinary items		16,410	15,016	6,423	4,648
Extraordinary items, net	9	(5)	4,677	188	(433)
Net profit for the financial year		16,405	19,693	6,611	4,215
Earnings per ordinary share of \$0.40 :	10				
(i) for profit before extraordinary items					
– Basic		5.0 cents	4.6 cents		
– Diluted		4.9 cents	4.5 cents		
(ii) for profit after extraordinary items					
– Basic		5.0 cents	6.1 cents		
– Diluted		4.9 cents	5.9 cents		



QAF Limited

The accounting policies and explanatory notes on pages 36 to 61 form an integral part of the financial statements.

Balance Sheets

as at 31 December 2000

(In Singapore dollars)

	Note	Group		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Non-current assets					
Property, plant and equipment	12	145,756	146,387	380	321
Subsidiary companies	13	–	–	118,982	119,581
Associated companies	14	3,695	4,537	–	–
Investments	15	13,300	17,707	998	998
Deposits	16	2,000	–	–	–
Intangibles and other assets	17	1,802	2,103	1,464	1,609
		166,553	170,734	121,824	122,509
Current assets					
Inventories	18	37,233	37,704	–	–
Trade debtors	19	29,337	28,992	–	–
Other debtors	20	6,127	5,884	3,617	3,519
Tax recoverable		13	318	–	191
Short term investments	21	801	–	–	–
Fixed deposits with financial institutions	22	27,772	15,824	17,029	10,377
Cash and bank balances		14,489	10,710	430	205
		115,772	99,432	21,076	14,292
Deduct : Current liabilities					
Trade creditors		47,478	45,923	8	2
Other creditors	23	17,554	13,977	1,498	740
Due to bankers	24	16,020	22,306	–	–
Long-term loans – current portion		–	217	–	–
Taxation		5,007	3,121	1,634	–
Proposed dividend		3,962	3,910	3,962	3,910
		90,021	89,454	7,102	4,652
Net current assets		25,751	9,978	13,974	9,640
Non-current liability					
Deferred taxation	25	(4,820)	(6,129)	–	–
		187,484	174,583	135,798	132,149
Capital and reserves					
Share capital	26	131,204	130,404	131,204	130,404
Reserves		43,334	31,420	4,594	1,745
		174,538	161,824	135,798	132,149
Minority interests					
		12,946	12,759	–	–
		187,484	174,583	135,798	132,149

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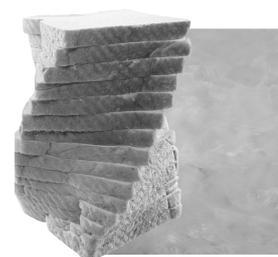
The accounting policies and explanatory notes on pages 36 to 61 form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 31 December 2000

(In Singapore dollars)

	Share capital \$'000	Share premium \$'000	Revaluation reserve \$'000	Capital reserve \$'000	Revenue reserve \$'000	Foreign currency reserve \$'000	Total \$'000
Group							
Balance at 31 December 1998	126,969	38	4,061	-	23,298	(17,568)	136,798
Transfer of revaluation surplus and revenue reserve	-	-	(49)	-	49	-	-
Dilution of interest in a subsidiary company	-	-	-	-	1,623	-	1,623
Exchange differences arising on consolidation	-	-	-	-	-	23	23
Net gains and losses not recognised in the profit and loss account	-	-	(49)	-	1,672	23	1,646
Issuance of ordinary shares by exercise of Warrants 2003	3,200	800	-	-	-	-	4,000
Issuance of ordinary shares by exercise of Executives' Share Option	235	112	-	-	-	-	347
Dividends less tax (note 11)	-	-	-	-	(3,910)	-	(3,910)
Net profit for the financial year	-	-	-	-	19,693	-	19,693
Share premium arising from issue of shares by a subsidiary company	-	-	-	3,250	-	-	3,250
Balance at 31 December 1999	130,404	950	4,012	3,250	40,753	(17,545)	161,824
Transfer of revaluation surplus and revenue reserve	-	-	(49)	-	49	-	-
Exchange differences arising on consolidation	-	-	-	-	-	(177)	(177)
Changes in Group structure	-	-	-	-	(552)	-	(552)
Net gains and losses not recognised in the profit and loss account	-	-	(49)	-	(503)	(177)	(729)
Issuance of ordinary shares by exercise of Warrants 2003	800	200	-	-	-	-	1,000
Dividends less tax (note 11)	-	-	-	-	(3,962)	-	(3,962)
Net profit for the financial year	-	-	-	-	16,405	-	16,405
Balance at 31 December 2000	131,204	1,150	3,963	3,250	52,693	(17,722)	174,538
Company							
Balance at 31 December 1998	126,969	38	-	-	490	-	127,497
Issuance of ordinary shares by exercise of Warrants 2003	3,200	800	-	-	-	-	4,000
Issuance of ordinary shares by exercise of Executives' Share Option	235	112	-	-	-	-	347
Dividends less tax (note 11)	-	-	-	-	(3,910)	-	(3,910)
Net profit for the financial year	-	-	-	-	4,215	-	4,215
Balance at 31 December 1999	130,404	950	-	-	795	-	132,149
Issuance of ordinary shares by exercise of Warrants 2003	800	200	-	-	-	-	1,000
Dividends less tax (note 11)	-	-	-	-	(3,962)	-	(3,962)
Net profit for the financial year	-	-	-	-	6,611	-	6,611
Balance at 31 December 2000	131,204	1,150	-	-	3,444	-	135,798



QAF Limited

The accounting policies and explanatory notes on pages 36 to 61 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2000

(In Singapore dollars)

	2000 \$'000	1999 \$'000
Cash flows from operating activities :		
Profit from continuing operations before taxation and minority interest	23,555	20,143
Adjustments for :		
Depreciation	17,503	17,541
Amortisation of intangibles	352	356
Loss from sale of property, plant and equipment	929	72
Exchange difference	(402)	43
Interest expense	635	1,650
Interest and investment income	(1,111)	(1,014)
Gain on sale of investments	(49)	(7)
Liquidation of subsidiary companies	(317)	-
Share of loss of associated companies	52	-
Write off of intangibles	-	4
Operating profit before working capital changes	41,147	38,788
Decrease/(increase) in inventories	471	(1,927)
(Increase)/decrease in debtors	(464)	5,146
Increase in creditors	4,530	3,019
Increase in short term investments	(801)	-
Cash generated from operations	44,883	45,026
Interest income	1,068	1,010
Interest expense	(635)	(1,650)
Net income taxes paid	(5,333)	(8,919)
Net cash provided by operating activities	39,983	35,467
Cash flows from investing activities :		
Proceeds from sale of property, plant and equipment	233	889
Dividend received from quoted investment	43	4
Decrease in advances to associated companies	542	41
Proceeds from sale of investments	4,753	6,966
Purchases of property, plant and equipment	(17,646)	(13,106)
Additions to intangibles	(88)	(7)
Additions to investments, net	-	(1,097)
Deposits paid for a proposed acquisition	(2,000)	-
Purchase of shares from minority shareholders	(608)	-
Proceeds arising from partial divestment of a subsidiary company, net	-	12,474
Net cash (used in)/provided by investing activities	(14,771)	6,164
Cash flows from financing activities :		
Repayment of term loans	(6,337)	(42,909)
Dividends paid	(3,910)	(3,817)
Proceeds from issuance of share capital	1,000	4,347
Dividends paid to minority shareholders of a subsidiary company	(72)	(104)
Proceeds from issuance of share capital by a subsidiary company	-	10,773
Net cash used in financing activities	(9,319)	(31,710)
Net increase in cash and cash equivalents	15,893	9,921
Cash and cash equivalents at beginning of year (Note 27)	26,348	16,427
Cash and cash equivalents at end of year (Note 27)	42,241	26,348

The accounting policies and explanatory notes on pages 36 to 61 form an integral part of the financial statements.

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Notes to the Financial Statements

31 December 2000

1. Corporate information

QAF Limited is a public limited liability company which is incorporated in Singapore. The registered address of QAF Limited is located at 150 South Bridge Road, #09-04 Fook Hai Building, Singapore 058727.

The principal activities of the Company are those of an investment holding and management company. The principal activities of the Group consist of the manufacture and distribution of bread, bakery and confectionery products, operation of supermarkets; cold storage warehousing; trading and distribution in food, beverages, food related ingredients and commodities; and investment holding. There have been no significant changes in the nature of these activities during the financial year.

The Company and the Group employed 30 and 3,877 (1999 : 29 and 3,753) employees as at 31 December 2000 respectively. The Group operates in 5 countries.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Company and of the Group which are expressed in Singapore dollars have been prepared under the historical cost convention, modified by revaluation of certain property, plant and equipment.

The financial statements are prepared in accordance with Singapore Statements of Accounting Standard and the applicable provisions of the Companies Act.

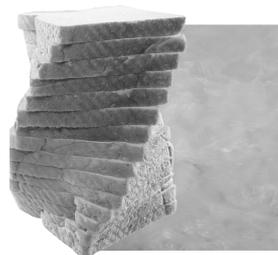
(b) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the period are included in or excluded from the consolidated profit and loss account from the date of their acquisition or disposal. Intercompany balances and transactions and resulting unrealised profits are eliminated in full on consolidation.

(c) Foreign currencies

Transactions arising in foreign currencies during the year are converted at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into local currency at exchange rates ruling at the balance sheet date. All exchange differences arising from conversion are included in the profit and loss account.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign subsidiary companies and associated companies are translated into Singapore dollars at the exchange rates ruling at the balance sheet date and the results of foreign subsidiary companies and associated companies are translated into Singapore dollars at the average exchange rates. Exchange differences due to such currency translations are included in foreign currency translation reserve.



QAF Limited

2. Summary of significant accounting policies (cont'd)

(d) Associated companies

The Group treats as associated companies those companies in which a long term equity interest of between 20 and 50 percent is held and over whose financial and operating policy decisions it has significant influence.

Associated companies are accounted for under the equity method whereby the Group's share of profits less losses of associated companies is included in the consolidated profit and loss account. The Group's share of the post-acquisition reserves of the associated companies is included in the investments in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the companies concerned, made up to the end of the financial period of the Group. Where the accounting policies of associated companies do not conform with those of the Group, adjustments are made on consolidation where the amounts involved are considered significant to the Group.

(e) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiary companies and associated companies when acquired. Goodwill is written off against reserves at the point of its acquisition.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

(g) Depreciation

No depreciation is provided on freehold land and for construction-in-progress until it is completed and put into use.

Depreciation is calculated so as to write off the cost of other property, plant and equipment, including those held under finance leases, on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are :

	%
Leasehold land and buildings	– 1 - 6
Leasehold improvements	– 2 - 20
Plant and machinery	– 5 - 33 1/3
Furniture, fittings and office equipment	– 10 - 40
Motor vehicles	– 10 - 33 1/3

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.



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2. Summary of significant accounting policies (cont'd)

(h) Investments

Long term investments, including investments in subsidiaries and associated companies in the financial statements of the Company, are stated at cost and provision is made for any diminution in value, which is other than temporary, determined on an individual basis.

Dividend income is recorded gross in the profit and loss accounts in the accounting period in which a dividend is declared payable by the investee company or in the case of subsidiary companies, in respect of which it is proposed. Interest income is accrued on a day to day basis. Profits or losses on disposal of investments are taken to the profit and loss account.

Investments held as current assets are stated at the lower of cost and market value.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is primarily determined on a weighted average basis, or first-in-first-out basis for certain subsidiary companies, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from the existing state to a finished condition. Provision is made where necessary for obsolete, slow-moving and defective inventories.

(j) Revenue recognition

Revenues from the sale of goods and services are recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

Dividend income is recorded gross in the profit and loss accounts in the accounting period in which a dividend is declared payable by the investee company or in the case of subsidiary companies, in respect of which it is proposed. Interest income is accrued on a day to day basis. Profits or losses on disposal of investments are taken to the profit and loss account.

(k) Taxation

Tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items except where it can be demonstrated with reasonable probability that the tax deferral will continue for the foreseeable future. In accounting for timing differences, deferred tax benefits are not accounted for unless there is reasonable expectation of their realisation.

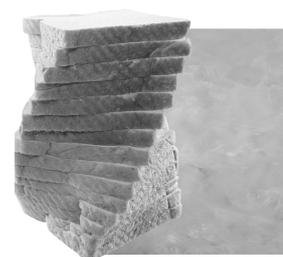
(l) Intangibles

Intangibles are stated at cost less amounts amortised to the profit and loss accounts.

- (i) Pre-operating expenses are written off in equal amounts over a period of 5 years.
- (ii) Trademarks are amortised in equal amounts over a period of 20 years.

(m) Borrowings costs

Borrowing costs are recognised as expenses in the period in which they are incurred.



QAF Limited

3. Revenue

Revenue for the Group includes the invoiced value of goods and services supplied, less goods and services tax, and excludes management fees, royalties and sales between Group companies. Revenue for the Company includes management fee and royalty income.

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Sale of goods	480,802	454,007	-	-
Management fee	-	33	1,199	1,083
Royalty fees	-	-	6,244	5,985
Others	6,657	5,972	-	-
	487,459	460,012	7,443	7,068

4. Other revenue

Other revenue included the following for the financial years ended 31 December :

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Interest income from :				
- Fixed deposits with financial institutions	654	487	356	325
- Advances to subsidiary companies	-	-	574	1,495
- Advances to associated company	345	471	-	-
- Others	69	52	-	-
Gross dividends from :				
- Quoted equity investments	43	4	-	-
- Unquoted equity investments in subsidiary companies	-	-	5,960	3,917
Gain on disposal of investment	49	7	-	-

5. Amortisation and depreciation

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Amortisation of intangibles	352	356	153	153
Depreciation of property, plant and equipment	17,503	17,541	111	43
	17,855	17,897	264	196

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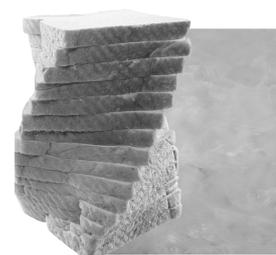
6. Profit from operating activities

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Profit from operating activities is stated after charging/(crediting):				
Auditors' remuneration:				
- Auditors of the Company				
• current year	229	207	62	54
• overprovision in previous year	(1)	(18)	-	(7)
- Other auditors				
• current year	96	97	-	-
• underprovision in previous year	-	12	-	-
Fees payable for non-audit services rendered by the auditors of the Company	57	10	57	10
Bad debts (recovered)/written off, net	(9)	43	-	-
Foreign exchange (gain)/loss, net	(601)	195	(183)	(104)
Provision for doubtful debts	823	1,648	-	-
Loss/(gain) on disposal of property, plant and equipment	929	72	(1)	1
Remuneration of directors of the Company	1,016	1,184	1,016	1,184
Write-off of intangibles	-	4	-	-

Directors' remuneration of the Company pursuant to SGX-ST Listing rules is as follows:

Number of directors in remuneration bands

	2000	1999
\$500,000 and above	1	1
\$250,000 to \$499,999	1	1
Below \$250,000	5	5
Total	7	7
Executive directors	3	3
Non-executive directors	4	4
Total	7	7



QAF Limited

7. Finance costs

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Interest expenses on:				
- Fixed term loans	614	1,538	-	-
- Bank overdrafts	7	26	-	-
- Others	14	86	-	-
- Advances from subsidiary companies	-	-	-	1,310
	635	1,650	-	1,310

8. Taxation

	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Provision for taxation in respect of profit for the year :				
- Current Singapore tax	4,436	3,956	1,276	657
- Deferred taxation	(1,343)	(196)	-	-
	3,093	3,760	1,276	657
Overseas taxation	2,022	21	1,424	1,508
	5,115	3,781	2,700	2,165
Underprovision in respect of prior years :				
- Singapore	910	35	929	-
- Overseas	156	88	-	-
	6,181	3,904	3,629	2,165

The tax charge for the Group differs from the amount determined by applying the Singapore tax rate of 25.5% (1999 : 26%), primarily because of the tax savings arising from the utilisation of tax losses and unabsorbed capital allowances brought forward and reinvestment allowances applicable to certain subsidiary companies.

At 31 December 2000, the Group has unutilised tax losses and capital allowances of approximately \$10,010,000 (1999 : \$12,654,000) and \$1,948,000 (1999 : \$4,596,000) respectively which can, subject to the provisions of relevant local tax legislations and subject to the agreement with the relevant tax authorities, be carried forward and utilised to set off against future taxable profits.

The tax charge for the Company is higher than the amount determined by applying the Singapore tax rate of 25.5% (1999 : 26%) to profit before taxation primarily due to certain expenses that are not deductible for tax purposes.

9. Extraordinary items

	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Gain on partial divestment of a subsidiary company	-	10,872	-	7,373
Writeback of/(provision for) costs (net) on potential closure of a subsidiary company and other related costs	124	(982)	124	(380)
Write-off of/provision for diminution in value of long term investments	(1,850)	(5,213)	-	(123)
Net writeback of/(provision for) diminution in value and amounts due from subsidiary companies	-	-	64	(7,303)
Net gain on disposal of long term investment	1,475	-	-	-
Excess of assets over liabilities arising on voluntary liquidation of subsidiary companies	246	-	-	-
	(5)	4,677	188	(433)

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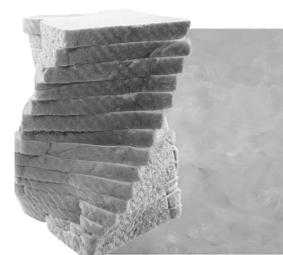
10. Earnings per ordinary share

The calculation of earnings per ordinary share of \$0.40 each is based on the following figures :

	2000 \$'000	1999 \$'000
Group earnings used for the calculation of EPS :		
Profit before extraordinary items attributable to shareholders	16,410	15,016
Profit after extraordinary items attributable to shareholders	16,405	19,693
Number of shares used for the calculation of :		
(i) Basic EPS		
Weighted average number of ordinary shares in issue	328,009	323,533
(ii) Diluted EPS		
Weighted average number of ordinary shares in issue	328,009	323,533
Warrants 2003	4,478	9,423
Share options	122	230
Adjusted weighted average number of ordinary shares	332,609	333,186

Basic earnings per share is calculated on the Group profit attributable to shareholders before extraordinary items and Group profit attributable to shareholders after extraordinary items divided by the weighted average number of shares in issue during the year.

Diluted earnings per share is calculated on the same basis as Basic earnings per share except that the weighted average number of ordinary shares outstanding during the year have been adjusted for the effects of all dilutive potential ordinary shares.



QAF Limited

11. Dividends paid and proposed

The Directors have proposed a first and final dividend of 1.6 cents (1999 : 1.6 cents) per ordinary share less tax at 24.5% (1999 : 25.5%) amounting to \$3,962,353 (1999 : \$3,909,872) be paid in respect of the financial year ended 31 December 2000.

12. Property, plant and equipment

	Freehold land \$'000	Leasehold land and buildings \$'000	Leasehold improve- ments \$'000	Plant and machinery \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
Group							
Cost/valuation :							
At 1.1.2000	3,819	88,516	20,865	82,106	24,334	19,774	239,414
Currency realignment	148	746	(537)	376	(42)	55	746
Additions	-	84	1,275	4,714	3,814	2,623	12,510
Disposals	-	-	(836)	(813)	(1,020)	(1,013)	(3,682)
At 31.12.2000	3,967	89,346	20,767	86,383	27,086	21,439	248,988
Accumulated depreciation :							
At 1.1.2000	-	16,884	7,651	43,239	11,818	13,896	93,488
Currency realignment	-	41	(41)	302	3	53	358
Charge for the year	-	2,306	1,895	7,982	3,339	1,981	17,503
Disposals	-	-	(453)	(788)	(615)	(664)	(2,520)
At 31.12.2000	-	19,231	9,052	50,735	14,545	15,266	108,829
Charge for 1999	-	2,294	1,828	7,954	3,265	2,200	17,541
Net book value :							
At 31.12.2000	3,967	70,115	11,715	35,648	12,541	6,173	140,159
Construction in progress							5,597
							145,756
At 31.12.1999	3,819	71,632	13,214	38,867	12,516	5,878	145,926
Construction in progress							461
							146,387

Analysis of cost and valuation

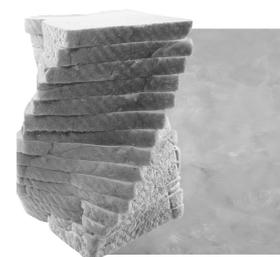
	Cost \$'000	Assets valuation \$'000	Total \$'000
Freehold land	3,967	-	3,967
Leasehold land and buildings	76,259	13,087	89,346
Leasehold improvements	20,767	-	20,767
Plant and machinery	86,383	-	86,383
Furniture, fittings and office equipment	27,086	-	27,086
Motor vehicles	21,439	-	21,439
	235,901	13,087	248,988

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12. Property, plant and equipment (cont'd)

<i>Company</i>	Leasehold improvements \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost :				
At 1.1.2000	36	717	106	859
Additions	144	26	–	170
Disposals	–	(6)	–	(6)
At 31.12.2000	180	737	106	1,023
Accumulated depreciation :				
At 1.1.2000	–	438	100	538
Charge for the year	36	74	1	111
Disposals	–	(6)	–	(6)
At 31.12.2000	36	506	101	643
Charge for 1999	–	42	1	43
Net book value				
At 31.12.2000	144	231	5	380
At 31.12.1999	36	279	6	321

- (a) Leasehold land and buildings owned by an overseas subsidiary company was required to be revalued by the authorities. The valuation was made by the directors based on professional appraisals by Colliers Jordan Lee and Jaafar Sdn Bhd, a Chartered Valuation Surveyor, in May 1998. The valuation was made on the basis of open market value on an existing use basis.
- (b) The net book value of leasehold land and buildings had it been carried at cost is \$66,152,000 (1999 : \$67,620,000).
- (c) The Group's major properties as at 31 December 2000 are set out in note 32.



QAF Limited

13. Subsidiary companies

	2000 \$'000	Company 1999 \$'000
Unquoted equity shares, at cost	62,272	59,154
Less : Provision for diminution in value	(10,061)	(10,061)
	52,211	49,093
Advances to subsidiary companies	85,088	93,505
Less : Provision for possible non-recoverability	(18,315)	(22,932)
	66,773	70,573
Non-trade amounts owing to subsidiary companies	(2)	(85)
	118,984	119,666
	(2)	(85)
	118,982	119,581

Movement in the provision for diminution in value are as follows :

Balance at beginning of year	10,061	9,683
Provision during the year	-	378
Balance at end of year	10,061	10,061

Movements in the provisions for possible non-recoverability are as follows :

Balance at beginning of year	22,932	16,007
(Writeback)/provision during the year	(4,617)	6,925
Balance at end of year	18,315	22,932

The amounts owing by/to subsidiary companies are unsecured and interest free other than as detailed below. There are no fixed terms of repayment and no repayments are expected within the next 12 months.

Interest approximating to the cost of funds at the rate of 3.5125% (1999 : 7%) per annum is receivable on advances to subsidiary companies amounting to \$15,573,098 (1999 : \$18,054,393).

Details of subsidiary companies are set out in note 31.

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14. Associated companies

	2000 \$'000	Group	1999 \$'000
Unquoted equity shares, at cost	722		722
Group's share of post-acquisition accumulated losses	(148)		(96)
Currency realignment	(229)		19
	345		645
Advances to associated companies, net	3,350		3,892
	3,695		4,537

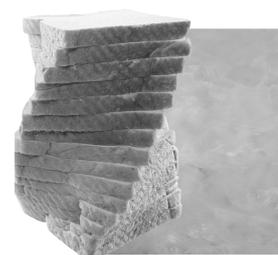
The Group's investments in associated companies represent unquoted equity shares in associated companies held by subsidiary companies.

The advances to associated companies are unsecured, with no fixed terms of repayment and are not expected to be repaid within the next twelve months. Interest approximating to the cost of funds at the values of between 6% to 11.5% (1999 : 6% to 11.5%) per annum is receivable on advances amounting to \$3,350,496 (1999 : \$3,758,754) due from associated companies.

Details of associated companies are set out in note 31.

15. Investments

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Quoted equity shares in corporations, at cost	3,150	6,363	-	-
Quoted bond, at cost	998	998	998	998
Unquoted equity shares in corporations				
At cost	10,352	15,364	-	-
Less : Provision	(1,350)	(5,000)	-	-
	9,002	10,364	-	-
Other investments				
At cost	-	303	-	123
Less : Provision	-	(303)	-	(123)
	-	-	-	-
Currency realignment	150	(18)	-	-
	13,300	17,707	998	998
Market value as at end of year :				
Quoted equity shares in corporations	1,895	5,189	-	-
Quoted bond	1,020	985	1,020	985
Market value as at latest practicable date				
Quoted equity shares in corporations	1,121	5,395	-	-
Quoted bond	1,020	990	1,020	990



QAF Limited

15. Investments (cont'd)

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Movements in provision for diminution in value of unquoted equity shares in corporations are as follows :				
Balance at beginning of year	5,000	-	-	-
Provision made during the year	350	5,000	-	-
Amount written off	(4,000)	-	-	-
Balance at end of year	1,350	5,000	-	-

Movements in provision for diminution in value of other investments are as follows :

Balance at beginning of year	303	90	123	-
Provision made during the year	-	213	-	123
Amount written off	(303)	-	(123)	-
Balance at end of year	-	303	-	123

No provision for diminution in value has been provided for the quoted equity shares in corporations as the directors are of the opinion that the shortfall in market value is not permanent.

Included in the net carrying value of unquoted equity shares in corporations is an investment in Luoyang Chundu Industry Company Ltd ("LCIC") amounting to \$2,940,000 (1999 : \$4,127,000).

On 28 October 1998, a subsidiary company entered into a Sale and Purchase Agreement ("SPA") together with co-investors to dispose of its investment of approximately \$11,800,000 in the unquoted equity shares of LCIC. Pursuant to the SPA, the net proceeds on sale of approximately \$12,900,000 is receivable in three instalments, with the last instalment receivable no later than June 2000. The transfer of the shares held by the subsidiary company is conditional upon the receipt of the final instalment of the proceeds on sale. In the event that the purchaser cannot fulfil the conditions under the SPA, the purchaser will transfer its shareholding in LCIC to the subsidiary company and its co-investors respectively, as liquidated damages. The sale and profit of approximately \$1,100,000 arising from the disposal will be recognised upon completion of the conditions in the SPA.

To-date, total proceeds, net of expenses, amounting to \$7,978,000 (1999 : \$6,966,000) have been received and set-off against the cost of investment of LCIC.

The subsidiary company and its co-investors are presently working on a scheme to securitise the debt owed by its purchaser with shares of a company owned by the purchaser. These shares are "A shares" listed on the Shenzhen Stock Exchange. The directors are of the opinion that no further provision for diminution is required at the date of this report.

16. Deposits

This represents a refundable deposit paid in relation to the proposed acquisition of a bakery business (note 34).

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17. Intangibles and other assets

	Pre-operating expenses \$'000	Trademarks \$'000	Total \$'000
<i>Group</i>			
Balance at beginning of year	494	1,609	2,103
Currency realignment	(37)	-	(37)
Additions	-	88	88
Amortisation for the year	(183)	(169)	(352)
Balance at end of year	274	1,528	1,802
			Trademarks \$'000
<i>Company</i>			
Balance at beginning of year			1,609
Additions			8
Amortisation for the year			(153)
Balance at end of year			1,464

18. Inventories

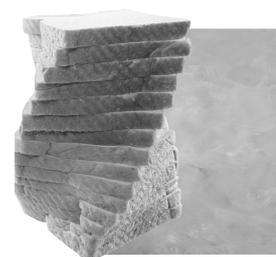
	2000 \$'000	Group 1999 \$'000
Raw materials	3,437	3,528
Finished goods	31,559	33,061
Spare parts	2,588	2,241
Work-in-progress	23	7
	37,607	38,837
Less : Provision for obsolescence	(374)	(1,133)
	37,233	37,704

Cost of inventories is determined by the following methods :

First-in-first-out	25,201	26,519
Weighted average	12,032	11,185
	37,233	37,704

Movements in provision for obsolescence are as follows :

Balance at beginning of year	1,133	414
Currency realignment	(5)	(7)
Provision made during the year	1,020	1,520
Inventories written off against provision	(1,774)	(794)
Balance at end of year	374	1,133



QAF Limited

19. Trade debtors

	Group	
	2000 \$'000	1999 \$'000
Trade debtors	32,979	32,370
Less : Provision for doubtful debts	(3,642)	(3,378)
	<u>29,337</u>	<u>28,992</u>

Movements in provision for doubtful trade debts are as follows :

Balance at beginning of year	3,378	2,740
Currency realignment	(207)	(27)
Provision made during the year	823	1,648
Bad trade debts written off against provision	(352)	(983)
Balance at end of year	<u>3,642</u>	<u>3,378</u>

20. Other debtors

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Prepayments	1,051	1,167	-	16
Sundry deposits	2,692	2,532	15	6
Sundry debtors	2,384	2,185	951	51
Royalties receivable	-	-	-	537
Due from subsidiary companies	-	-	2,518	1,544
Dividends receivable from subsidiary companies	-	-	133	1,365
	<u>6,127</u>	<u>5,884</u>	<u>3,617</u>	<u>3,519</u>

The amounts due from subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

Included in sundry debtors is an amount of \$900,000 (1999 : nil) relating to expenses for a proposed acquisition which was aborted subsequent to year end (note 34).

21. Short term investments

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Quoted equity shares in corporations, at cost	927	-	-	-
Less : Provision	(126)	-	-	-
	<u>801</u>	<u>-</u>	<u>-</u>	<u>-</u>
Market value	<u>801</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movements in provision for diminution in value of short term investments are as follows :

Balance at beginning of year	-	-	-	-
Provision made during the year	126	-	-	-
Balance at end of year	<u>126</u>	<u>-</u>	<u>-</u>	<u>-</u>

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22. Fixed deposits with financial institutions

Fixed deposits of the Group amounting to \$75,226 (1999 : \$214,000) were pledged to the banks to secure certain credit facilities.

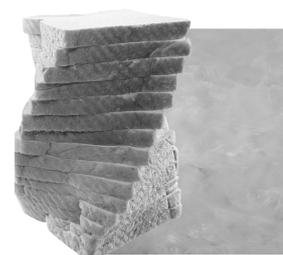
23. Other creditors

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Accrued liabilities	9,788	8,548	1,498	740
Sundry creditors	7,766	5,429	-	-
	17,554	13,977	1,498	740

24. Due to bankers

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Bank overdrafts :				
- secured	-	122	-	-
- unsecured	20	64	-	-
Short term bank borrowing, unsecured	16,000	22,120	-	-
	16,020	22,306	-	-

The short-term bank borrowing is secured by corporate guarantee from the Company and the other corporate shareholder of the borrowing subsidiary company in proportion to their shareholding in the borrowing subsidiary company.



QAF Limited

25. Deferred taxation

	Group	
	2000 \$'000	1999 \$'000
Balance at beginning of year	6,129	6,319
Reversal for the year	(1,343)	(196)
Currency realignment	34	6
Balance at end of year	4,820	6,129
On excess of capital allowances over depreciation	4,954	5,362
On other timing differences	(134)	767
	4,820	6,129

Royalty income, interest and expenses, receivable from foreign subsidiary companies not remitted to Singapore, for which no deferred taxation is provided, and included in retained profits of the Company amounted to \$4,300,000 (1999 : \$3,205,000). Should these income be remitted to Singapore, it will be subject to income tax at the Singapore income tax rate of 24.5%, less the Malaysian withholding tax already rendered. It is the Company's intention that this income be reinvested outside Singapore.

26. Share capital

	Group and Company	
	2000 \$'000	1999 \$'000
Authorised :		
1,000,000,000 ordinary shares of \$0.40 each	400,000	400,000
Issued and fully paid :		
Stock units of \$0.40 each		
Balance at beginning of year	130,404	126,969
Issued during the year		
2,000,000 (1999 : 8,587,000) stock units of \$0.40 each	800	3,435
Balance at end of year :		
328,009,373 (1999 : 326,009,373) stock units of \$0.40 each	131,204	130,404

- (a) During the financial year, the issued and paid up share capital was increased to \$131,203,749 by the issue of new ordinary shares of \$0.40 each converted immediately into the following new stock units of \$0.40 each by way of :

	Number of stock units issued	Representing Paid-up capital \$'000	Share premium \$'000
Exercise of Warrants 2003 to subscribe for ordinary shares at the fixed subscription price of \$0.50 per share	2,000,000	800	200

- (b) Unissued shares under warrants and options at 31 December 2000 comprise :

	Ordinary shares of \$0.40 each	Exercise price per share	Exercise period
Warrants 2003	21,700,000	\$0.500	22 December 1998 to 21 December 2003
Executives' 1990 Share Option	197,000	\$0.590	13 May 1999 to 12 May 2003
Executives' 1990 Share Option	300,000	\$0.400	28 August 1999 to 27 August 2003
Executives' 1990 Share Option	904,000	\$0.780	3 May 2000 to 2 May 2004
Executives' 1990 Share Option	760,000	\$0.892	4 September 2000 to 3 September 2004
Executives' Share Option Scheme 2000	2,492,000	\$0.630	26 May 2001 to 25 May 2010

The holders of the Warrants 2003, Executives' 1990 Share Options and Executives' 2000 Share Options have no right to participate by virtue of these options in any share issue of any other company in the Group.

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27. Cash and cash equivalents

Cash and cash equivalents consist of current accounts and fixed deposits with financial institutions, bank overdrafts and short term bank loans.

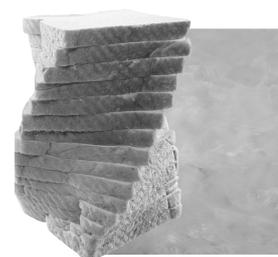
Cash and cash equivalents included in the consolidated cash flows statement comprise the following balance sheet amounts :

	Group	
	2000 \$'000	1999 \$'000
Cash and bank balances	14,489	10,710
Fixed deposits with financial institutions	27,772	15,824
Bank overdrafts	(20)	(186)
	42,241	26,348

28. Commitments

Capital commitments not provided for in the financial statements :

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Expenditure contracted for :				
- balance of purchase consideration relating to proposed acquisition	13,437	-	-	-
- capital contribution and loans to proposed investment	3,648	-	-	-
- proposed expansion of manufacturing facilities	15,728	-	-	-
- others	233	123	-	-
	33,046	123	-	-
Approved by the directors but not contracted for	20,172	7,062	-	-
	53,218	7,185	-	-



QAF Limited

Commitments under non-cancellable operating leases with a term of more than one year. The minimum lease payments are :

Leases which expire :

Within one year	16,490	14,258	-	-
Between one and five years	27,654	25,078	-	-
After five years	32,921	31,814	-	-
	77,065	71,150	-	-

In the ordinary course of its business, the Company, as the holding company has given undertakings to continue to provide financial support to certain subsidiary companies.

29. Contingent liabilities (unsecured)

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
(a) Guarantees issued for bank facilities granted to subsidiary companies	-	-	25,599	42,962
Amounts utilised by subsidiaries as at balance sheet date	-	-	11,069	14,023
(b) Guarantees given to third parties in connection with trading facilities provided to subsidiary companies	1,723	2,001	-	-
(c) Outstanding forward exchange contracts	152	70	-	-

No material losses are expected to arise from the above contingencies.

30. Segmental reporting

(a) Business segments

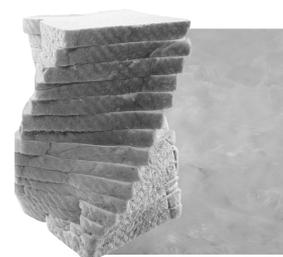
	Food manufacturing \$'000	Trading \$'000	Retailing \$'000	Storage \$'000	Investments \$'000	Eliminations \$'000	Consolidated \$'000
Revenue and expenses							
2000							
Sales to external customers	160,276	64,747	255,779	6,657	-	-	487,459
Inter-segment sales	4,192	7,864	-	605	-	(12,661)	-
Other revenue	1,779	505	697	1	523	-	3,505
Unallocated revenue							638
Total revenue	166,247	73,116	256,476	7,263	523	(12,661)	491,602
Segment results	21,073	2,022	1,625	1,739	381	-	26,840
Unallocated revenue							638
Unallocated expenses							(3,236)
Profit from operating activities							24,242
Finance costs							(635)
Share of loss of associated companies							(52)
Profit from operations before taxation and minority interests							23,555
Taxation							(6,181)
Minority interests							(964)
Net profit before extraordinary items							16,410
Extraordinary items, net							(5)
Net profit for the year							16,405

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30. Segmental reporting (cont'd)

(a) Business segments (cont'd)

	Food manufacturing \$'000	Trading \$'000	Retailing \$'000	Storage \$'000	Investments \$'000	Eliminations \$'000	Consolidated \$'000
Revenue and expenses							
1999							
Sales to external customers	155,593	71,531	226,883	5,972	33	–	460,012
Inter-segment sales	3,705	8,937	–	637	–	(13,279)	–
Other revenue	1,564	90	1,662	1	337	–	3,654
Unallocated revenue							684
Total revenue	160,862	80,558	228,545	6,610	370	(13,279)	464,350
Segment results	18,614	1,314	3,409	1,177	305	–	24,819
Unallocated revenue							684
Unallocated expenses							(3,710)
Profit from operating activities							21,793
Finance costs							(1,650)
Share of loss of associated companies							–
Profit from operations before taxation and minority interests							20,143
Taxation							(3,904)
Minority interests							(1,223)
Net profit before extraordinary items							15,016
Extraordinary items, net							4,677
Net profit for the year							19,693



QAF Limited

30. Segmental reporting (cont'd)

(a) Business segments (cont'd)

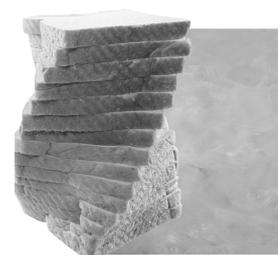
	Food manufacturing \$'000	Trading \$'000	Retailing \$'000	Storage \$'000	Investments \$'000	Eliminations \$'000	Consolidated \$'000
Assets and liabilities							
2000							
Segment assets	99,017	37,130	76,829	25,693	39,948	-	278,617
Associated companies	3,695						3,695
Total assets	102,712	37,130	76,829	25,693	39,948	-	282,312
Tax recoverable							13
Total assets per balance sheet							282,325
Segment liabilities	18,970	8,556	50,251	743	2,532	-	81,052
Provision for taxation							5,007
Proposed dividends							3,962
Deferred taxation							4,820
Total liabilities per balance sheet							94,841
1999							
Segment assets	92,980	39,656	75,258	25,693	31,724	-	265,311
Associated companies	4,537						4,537
Total assets	97,517	39,656	75,258	25,693	31,724	-	269,848
Tax recoverable							318
Total assets per balance sheet							270,166
Segment liabilities	16,705	7,228	55,906	726	1,858	-	82,423
Provision for taxation							3,121
Proposed dividends							3,910
Deferred taxation							6,129
Total liabilities per balance sheet							95,583
Other segment information							
2000							
Capital expenditure	10,330	715	6,256	255	2,178	-	19,734
Depreciation	9,609	966	5,688	1,129	111	-	17,503
Amortisation	183	16	-	-	153	-	352
1999							
Capital expenditure	6,479	465	5,181	791	1,294	-	14,210
Depreciation	9,877	1,027	5,301	1,292	44	-	17,541
Amortisation	203	-	-	-	153	-	356

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30. Segmental reporting (cont'd)

(b) Geographical segment

	Singapore \$'000	Malaysia \$'000	Other countries \$'000	Eliminations \$'000	Consolidated \$'000
2000					
Sales to external customers	348,044	107,488	31,927	–	487,459
Other revenue	2,050	1,090	365	–	3,505
Unallocated revenue					638
Total revenue	350,094	108,578	32,292	–	491,602
Segment assets	198,817	56,432	27,063	–	282,312
Capital expenditure	11,159	7,544	1,031	–	19,734
1999					
Sales to external customers	318,984	104,055	36,973	–	460,012
Other revenue	2,231	941	482	–	3,654
Unallocated revenue					684
Total revenue	321,215	104,996	37,455	–	464,350
Segment assets	187,473	50,356	32,019	–	269,848
Capital expenditure	9,278	3,338	1,594	–	14,210



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31. Subsidiary and associated companies

The subsidiary companies as at 31 December 2000 are :

Name of company (Country of incorporation)	Principal activities (place of business)	Cost		Percentage of equity held by the Group	
		2000 \$'000	1999 \$'000	2000 %	1999 %
Subsidiary companies					
<i>Food manufacturing, retailing, trading and distribution</i>					
Ben Foods (S) Pte Ltd (Singapore)	Trading and distribution of food and beverage products (Singapore)	14,204	14,204	100	100
#@ Ben Foods (East Malaysia) Sdn Bhd (Malaysia)	Operation of supermarkets (Malaysia)	–	–	100	100
# Ben Trading (Malaysia) Sdn Bhd (Malaysia)	Trading and distribution of food and beverage products (Malaysia)	+	+	100	100
Shop N Save Pte Ltd (Singapore)	Operation of supermarkets (Singapore)	9,894	9,894	51	51
Spices of the Orient Pte Ltd (Singapore)	Manufacture, trading and distribution of food related ingredients and commodities (Singapore)	5,126	5,126	100	100

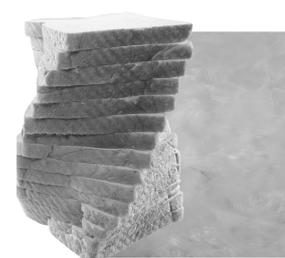
31. Subsidiary and associated companies (cont'd)

Name of company (Country of incorporation)	Principal activities (place of business)	Cost		Percentage of equity held by the Group	
		2000 \$'000	1999 \$'000	2000 %	1999 %
Gardenia Foods (S) Pte Ltd (Singapore)	Bread manufacturer (Singapore)	8,016	8,016	100	100
# Gardenia Bakeries (KL) Sdn Bhd (Malaysia)	Bread manufacturer (Malaysia)	+	+	100	100
#@ Gardenia Foods (Thailand) Limited (Thailand)	Bread manufacturer (Thailand)	+	+	100	100
# Gardenia Sales & Distribution Sdn Bhd (Malaysia)	Marketing and distribution of bakery products (Malaysia)	+	+	100	100
Farmland Central Bakery (S) Pte Ltd (Singapore)	Manufacturer and distribution of bread, confectionery and bakery products (Singapore)	500	500	100	100
# QAF Lamba Foods Distribution (Bombay) Private Limited (India)	Ceased operation (India)	1,902	1,902	75	75
# Millif Industries Sdn Bhd (Malaysia)	Manufacture of kaya and related products (Malaysia)	360	360	65	65
# Everyday Bakery and Confectionery Sdn Bhd (Malaysia)	Manufacture of bread, confectionery and bakery products (Malaysia)	+	+	100	100
# Ben Fortune Pastry Manufacturing (M) Sdn Bhd (Malaysia)	Manufacture and distribution of confectionery and pastry (Malaysia)	+	+	100	100
NCS Cold Stores (S) Pte Ltd (Singapore)	Operation of cold storage warehouse (Singapore)	+	+	100	100
QAF Fruits Cold Store Pte Ltd (Singapore)	Operation of cold storage warehouse (Singapore)	+	+	58	51
# Gardenia Bakery & Foodstuff (Tianjin) Co Ltd (People's Republic of China)	Manufacture and distribution of bread, confectionery and bakery products (People's Republic of China)	6,350	3,033	100	100
# Gardenia Bakeries (Philippines) Inc. (Philippines)	Manufacture and distribution of bread, confectionery and bakery products (Philippines)	+	+	100	100
** Sommerset Cottage Food Services Sdn Bhd (Malaysia)	Ceased operations (Malaysia)	*	+	-	100
** Fujian Dongjia Feeds Co Ltd (People's Republic of China)	Processing and dealings in animal feeds and related food activities (People's Republic of China)	-	-	50	-

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31. Subsidiary and associated companies (cont'd)

Name of company (Country of incorporation)	Principal activities (place of business)	Cost		Percentage of equity held by the Group	
		2000 \$'000	1999 \$'000	2000 %	1999 %
<i>Investment holding and management</i>					
QAF Management Services (S) Pte Ltd (Singapore)	Investment holding (Singapore)	-	-	100	100
QAF Agencies (S) Pte Ltd (Singapore)	Share trading and investment holding (Singapore)	-	-	100	100
Eurofood (Singapore) Pte Ltd (Singapore)	Investment holding (Singapore)	5,092	5,092	100	100
Gardenia International (S) Pte Ltd (Singapore)	Investment holding (Singapore)	7,993	7,993	100	100
OSA Marketing Associates Pte Ltd (Singapore)	Investment holding and share trading (Singapore)	-	-	100	100
** Precious Fortune Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	-	-	100	100
# Ben Foods (Malaysia) Sdn Bhd (Malaysia)	Investment holding (Malaysia)	2,660	2,660	100	100
# Ben (Malaysia) Holdings Sdn Bhd (Malaysia)	Investment holding (Malaysia)	-	-	100	100
Singfood Investment Pte Ltd (Singapore)	Investment holding (Singapore)	-	-	100	100
<i>Dormant corporations</i>					
* Ben (Perak) Sdn Bhd (Malaysia)	Dormant (Malaysia)	*	199	-	100
Camellia Bakeries (S) Pte Ltd (Singapore)	Dormant	+	+	100	100
Maple Bakeries (S) Pte Ltd (Singapore)	Dormant	-	+	100	100
# OSA Marketing Associates (M) Sdn Bhd (Malaysia)	Dormant	175	175	100	100
# Gardenia (Hong Kong) Limited (Hong Kong)	Dormant	-	-	100	100
		62,272	59,154		



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31. Subsidiary and associated companies (cont'd)

Note

- * The subsidiary company was liquidated during the financial year.
- ** Audit not required under the laws in the country of incorporation.
- # Audited by member firms of Ernst & Young International.
- @ The cost of investment has been fully written off.
- + The shareholdings of these companies are held by subsidiary companies of QAF Limited.
- The costs of investment in each of these companies is less than \$1,000.

The associated companies at 31 December 2000 are :

Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group	
		2000 %	1999 %
<i>Associated companies</i>			
<i>Investment holding and management</i>			
Boon Pattana Holdings Limited (Thailand)	Investment holding (Thailand)	39	39
Phil Foods Properties Inc. (Philippines)	Investment holding (Philippines)	40	40

32. Group's major properties

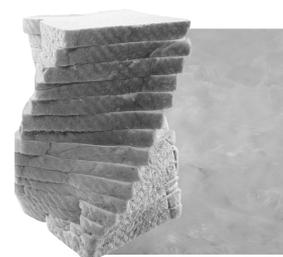
The Group's major properties as at 31 December 2000 are :

Name of building/ location	Description	Tenure of land
230B Pandan Loop Singapore	Warehouse, cold store and bakery and office premises	30-year lease from October 1981
263 Pandan Loop Singapore	Spice grinding and blending operations and office premises	30-year lease from May 1982
224 Pandan Loop Singapore	Bakery and office premises	19-year lease from July 1991
No. 1 Chin Bee Crescent Singapore	Bakery and office premises	17 1/2-year lease from August 1992
Blk 181 Toa Payoh Central #01-602 Singapore	Supermarket outlet	78-year lease from October 1992
Blk 118 Aljunied Ave 2 #01-00 Singapore	Supermarket outlet	86-year lease from July 1993
Blk 156 Bukit Batok Street 11 #01-06 Singapore	Supermarket outlet	89-year lease from October 1994

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32. Group's major properties (cont'd)

Name of building/ location	Description	Tenure of land
No. 1 Fishery Port Road Singapore	Cold store, warehouse and office premises	30-year lease from March 1973 with right to extend for further 30 years
230A Pandan Loop Singapore	Cold store and office premises	17-year lease from August 1993
Lot 3 Jalan Gergaji 15/14 40000 Shah Alam Selangor, Darul Ehsan, Malaysia	Bakery and office premises	99-year lease from September 1984
Lot 3, Jalan Pelabur 23/1 Seksyen 23 Shah Alam Selangor, Darul Ehsan, Malaysia	Bakery and office premises	99-year lease from July 1991
No. 23 & 25, Jalan PJS 11/16, Sunway Technology Park Bandar Sunway 46150 Petaling Jaya Malaysia	Bakery and office premises	99-year lease from 1997
Junction of Lu Yuan Street Quan Wang Road Wuqing Development Area Tianjin China 301700	Bakery, food processing and office premises	50-year lease from June 1994
Lot No. 3803, Mukim Klang Daerah Klang, Negeri Selangor Malaysia	Under construction for a bakery and office premises	Freehold
Lot No. PT D28 & D29 Pinwang Industrial Park Petaling Jaya Negeri Selangor Malaysia	Bakery and office premises	99-year lease from October 1997



QAF Limited

33. Related party transactions

The following related party transactions took place during the financial year on terms agreed by the parties concerned :

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Purchases from related parties	3,505	2,693	–	–
Sales to a related party	116	140	–	–
Rental paid to a related party	93	–	93	–

The related parties refer to companies wholly owned by a substantial shareholder of the Company. The above transactions were therefore also regarded as Interested Person Transactions pursuant to Chapter 9A of the SGX-ST Listing Manual. The Audit Committee of the Company was informed of the aggregated value of all the Interested Person Transactions entered by the Company and the Group with the same Interested Person from time to time during the financial year. The aggregated value of all such transactions in financial year 2000 did not exceed the 3% materiality threshold as stipulated in the Listing Manual.

34. Subsequent events

- (i) On 15 January 2001, a subsidiary company entered into a Sales and Purchase Agreement to dispose a 30% equity interest in Gardenia Bakeries (KL) Sdn Bhd, a subsidiary company, for a cash consideration of approximately \$25,000,000. The sale will realise a profit of approximately \$17,000,000 to the Group.
- (ii) In early February 2001, the Group was made aware that certain regulatory and legal issues in the country of origin of a proposed acquisition was not likely to be resolved in the near future. Consequently, the proposed acquisition was aborted on 14 February 2001. Expenses relating to the proposed acquisition amounted to \$900,000 and is included in other debtors (note 20). These expenses will be written off to the profit and loss account in the financial year ending 31 December 2001.
- (iii) Subsequent to the year end, a subsidiary company disposed its leasehold land and building for approximately \$1,300,000. The disposal will result in a loss of approximately \$10,000 to the Group.
- (iv) On 27 October 2000, the Group announced that it had entered into a conditional Sale and Purchase Agreement with Boustead Singapore Limited group to acquire their companies which operate the “Bonjour” bakery business. The purchase consideration for the said “Bonjour” companies was approximately \$14,100,000 and the acquisition was completed on 8 February 2001 (note 16).

35. Comparative figures

The presentation and classification of items in the financial statements have been changed to comply with the requirements of SAS 1 (Revised 1999) – “Presentation of Financial Statements”, SAS 15 (Revised 1999) – “Leases” and SAS 23 (Revised 1999) – “Segmental Reporting” which became effective for the financial year ended 31 December 2000. As a result, additional line items have been included in the profit and loss accounts. Segmental information has also been analysed to include additional information on liabilities, capital expenditure and non-cash expenses by segments. Comparative figures have been adjusted to provide proper comparison with current year’s presentation.

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Statistics of Stockholdings

as at 6 April 2001

Authorised Share Capital : \$400,000,000
 Issued and Fully paid-up Capital : \$131,203,749
 Class of Shares : Ordinary Shares of \$0.40 with equal voting rights

Analysis of Stockholders by Range of Balances

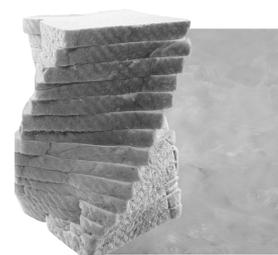
Size of Holdings	No. of Stockholders	%	No. of Stock Units	%
1 – 1,000	1,303	25.01	1,077,334	0.33
1,001 – 10,000	3,341	64.11	15,032,386	4.58
10,001 – 1,000,000	552	10.59	23,254,731	7.09
1,000,001 and above	15	0.29	288,644,922	88.00
	5,211	100.00	328,009,373	100.00

Analysis of Stockholders by Country of Residence

Country of Residence	No. of Stockholders	%	No. of Stock Units	%
Singapore	4,572	87.74	323,228,068	98.54
Malaysia	607	11.65	2,170,982	0.66
Others	32	0.61	2,610,323	0.80
	5,211	100.00	328,009,373	100.00

List of Twenty Largest Stockholders

S/No.	Stockholders' Name	No. of Stock Units	%
1.	ING Nominees Singapore Pte Ltd	69,563,000	21.21
2.	Overseas Union Bank Nominees Pte Ltd	63,602,878	19.39
3.	Raffles Nominees Pte Ltd	46,134,832	14.07
4.	UOB Kay Hian Private Limited	33,352,647	10.17
5.	Goi Seng Hui	19,585,000	5.97
6.	DB Nominees (Singapore) Pte Ltd	17,368,529	5.30
7.	United Overseas Bank Nominees Pte Ltd	9,300,500	2.84
8.	DBS Nominees Pte Ltd	7,794,000	2.38
9.	The Kwangtung Provincial Bank Ltd	6,008,403	1.83
10.	BNP Paribas Nominees Singapore Pte Ltd	4,673,000	1.42
11.	Oversea Chinese Bank Nominees Pte Ltd	2,768,667	0.84
12.	Citibank Nominees Singapore Pte Ltd	2,510,000	0.76
13.	Citicorp Investment Bank (Singapore) Limited	2,001,000	0.61
14.	Boustead Services Pte Ltd	2,000,000	0.61
15.	HSBC (Singapore) Nominees Pte Ltd	1,982,466	0.60
16.	Prima Portfolio Pte Ltd	1,000,000	0.30
17.	Keppel Bank Nominees Pte Ltd	966,000	0.29
18.	Phillip Securities Pte Ltd	675,400	0.21
19.	Hong Leong Finance Nominees Pte Ltd	523,600	0.16
20.	Heng Chiang Meng	520,000	0.16
		292,329,922	89.12

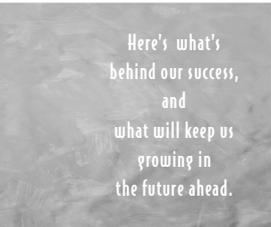


QAF Limited

Substantial Stockholders

Name	Number of Stock Units Held	%
Qualif Pte Ltd	153,799,810 ⁽ⁱ⁾	46.89
Watford Investments Ltd	45,820,712 ⁽ⁱⁱ⁾	13.97
Didi Dawis	32,680,000	9.96
Goi Seng Hui	19,677,000	6.00

- (i) Pursuant to Section 7 (4A) of the Companies Act (Cap. 50), each of Messrs Liem Sioe Liong, Anthony Salim and Andree Halim is deemed to have an interest in the stock units beneficially owned by Qualif Pte Ltd.
- (ii) Pursuant to Section 7 (4A) of the Companies Act (Cap. 50), each of Messrs Didi Dawis and Saiman Ernawan is deemed to have an interest in the stock units beneficially owned by Watford Investments Ltd.



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Notice of Annual General Meeting

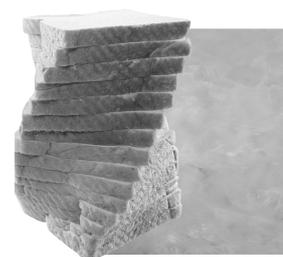
NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 224 Pandan Loop, Singapore 128411 on 21 May 2001 at 11.00 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 December 2000 and the Auditors' Report thereon. (Resolution 1)
2. To declare a first and final dividend of 4% (1.6 cents per stock unit) less income tax at 24.5% in respect of the year ended 31 December 2000. (Resolution 2)
3. To re-elect the following Directors retiring under Article 94 of the Company's Articles of Association:
 - (a) Mr Didi Dawis (Resolution 3a)
 - (b) Mr Derek Cheong Kheng Beng (Resolution 3b)
4. To approve Directors' fees of \$112,452 for the year ended 31 December 2000 (1999: \$116,000). (Resolution 4)
5. To re-appoint Ernst & Young as Auditors of the Company and to authorise Directors to fix their remuneration. (Resolution 5)
6. To transact any other ordinary business of the Company which may be properly brought forward. (Resolution 6)

As Special Business

7. To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:
 - (a) "That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing stockholders of the Company shall not exceed 20 per cent of the issued share capital of the Company for the time being. Any such new shares issued pursuant thereto shall be converted immediately into stock units of the Company, transferable in amounts and multiples of \$0.40 each ranking pari passu in all respects with the existing stock units of the Company." (Resolution 7a)



QAF Limited

(b) "That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to issue such shares as may be required to be issued pursuant to the exercise of share options which were granted under the terms and conditions of the QAF Executives' Share Option 1990 and 2000 Schemes. Any such new shares issued pursuant thereto shall be converted immediately into stock units of the Company, transferable in amounts and multiples of \$0.40 each ranking pari passu in all respects with the existing stock units of the Company."

(Resolution 7b)

Notice of Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members will be closed on 31 May and 1 June 2001 for the purpose of determining stockholders' entitlements to the first and final dividend of 4% (1.6 cents per stock unit) less income tax of 24.5% for the financial year ended 31 December 2000. Duly completed transfers received by the Company's Registrar, Barbinder & Co Pte Ltd at 8, Cross Street, #11-00 PWC Building, Singapore 048424 up to 5.00 p.m. on 30 May 2001 will be registered before entitlements to the dividends are determined. Payment for the dividend shall be made on 13 June 2001.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with stock units at 5.00 p.m. on 30 May 2001 will be entitled to the dividend.



Here's what's
behind our success,
and
what will keep us
growing in
the future ahead.

By Order of the Board

Lee Woan Ling (Ms)

Company Secretary

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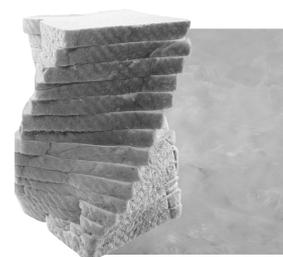
Singapore, 3 May 2001

Explanatory Notes

- i) Ordinary Resolutions 7(a) and 7(b), if passed will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
- ii) Ordinary Resolution 7(b) empowers the Directors to issue shares pursuant to the exercise of options under the Share Option Schemes approved by stockholders of the Company in year 1990 and 2000 respectively. The 1990 Share Option Scheme had expired on 31 December 1999 but options granted thereunder are validly exercisable up to five calendar years from the respective dates of grant. Authority under Resolution 7(b) is in addition to the general authority to issue shares sought under Resolution 7(a).

Note

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company. The instrument of appointing a proxy or proxies, duly executed, must be deposited at the Registered Office of the Company at 150 South Bridge Road, #09-04 Fook Hai Building, Singapore 058727, at least 48 hours before the time fixed for holding the meeting.



QAF Limited

Proxy Form

Annual General Meeting of QAF Limited

QAF
L I M I T E D

I/We _____

of _____

being a Member/Members of the abovenamed Company, hereby appoint (i) _____

of _____ or (ii) _____

of _____

or failing him/her the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on 21 May 2001 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote (see Note 3) for or against the Resolutions to be proposed at the Meeting as hereunder indicated.

No.	Resolutions	For	Against
1.	To adopt the Directors' Report and Accounts.		
2.	To declare a first and final dividend of 4% (1.6 cents per stock unit).		
3.	To re-elect the Directors: (a) Mr Didi Dawis		
	(b) Mr Derek Cheong Kheng Beng		
4.	To approve Directors' fees.		
5.	To re-appoint Ernst & Young as Auditors of the Company.		
6.	To transact any other ordinary business of the Company.		
7.	(a) General Authority to issue shares.		
	(b) Authority to issue shares pursuant to Share Option Schemes.		

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behind our success,
and
what will keep us
growing in
the future ahead.

Signed this _____ day of _____ 2001 by:

Total Number of Shares in:	No. of Shares
a) CDP Register	
b) Register of Members	

Signature(s) of Member(s) or Common Seal

Notes

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the number of Stock Units to be represented by each proxy must be stated.
2. This Proxy Form must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or his attorney or affixed with its common seal thereto.
3. Please indicate with an 'X' in the appropriate box against each Resolution how you wish your proxy to vote. If this Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. This instrument appointing a proxy [together with the power of attorney (if any) under which it is signed or a certified copy thereof], must be deposited at the office of the Company at 150 South Bridge Road, #09-04 Fook Hai Building, Singapore 058727 not less than 48 hours before the time fixed for holding the Annual General Meeting.
5. Please insert the total number of Stock Units held by you. If you have Stock Units entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Stock Units. If you have Stock Units registered in your name in the Register of Members, you should insert that number of Stock Units. If you have Stock Units entered against your name in the Depository Register and Stock Units registered in your name in Register of Members, you should insert the aggregate number of Stock Units entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Stock Units held by you.
6. The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed or illegible or where the true intention of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in case of members whose Stock Units are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have Stock Units entered against his name in the Depository Register 48 hours before the time fixed for holding the Annual General Meeting as certified by CDP to the Company.

Fold along this line (1) -----

Please
affix
postage
stamp

The Company Secretary
QAF Limited
150 South Bridge Road
#09-04 Fook Hai Building
Singapore 058727

Fold along this line (2) -----

QAF Limited

150 South Bridge Road

#09-04 Fook Hai Building

Singapore 058727

Tel: 538 2866 Fax: 538 6866

