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PRINCIPAL ACTIVITIES

The QL Group is a diversified agricultural based group of companies. The Group is principally involved in marine-based manufacturing, integrated livestock and oil palm related activities.

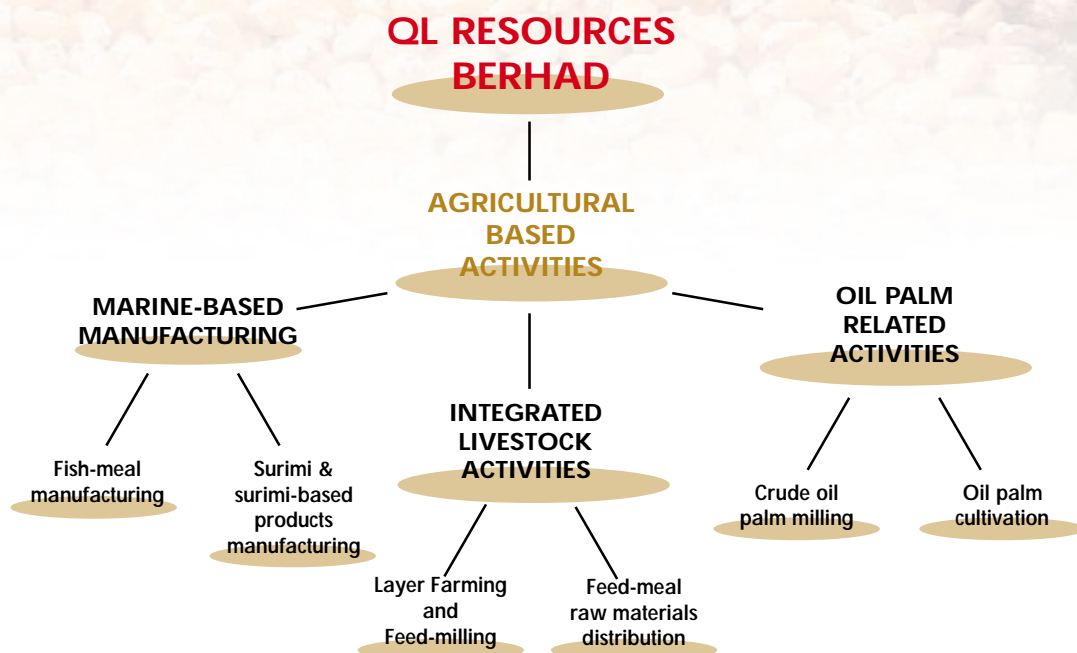
The marine-based manufacturing activities consist of manufacturing of fish-meal, surimi and surimi-based products. The Group is the largest fish-meal manufacturer in Malaysia. Its surimi and surimi-based products marine division is also a leading producer in Malaysia. The Group is also currently into fish snack manufacturing.

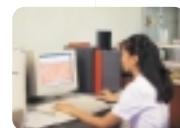


The integrated livestock activities division consists of distribution of feed-meal raw materials and animal health products & feed supplements as well as layer farming and feed-milling activities. QL Group is a major distributor of animal feed raw material in Malaysia. The layer farming and feedmilling activities are situated in Kota Kinabalu and Tawau (Sabah) as well as in Kuching (Sarawak).



The oil palm related activities comprise CPO milling and small scale oil palm cultivation. The CPO mill is situated in Kunak, (near Tawau) Sabah. The Mill is an independent mill, which services the oil palm estates in the surrounding region of Tawau.





Board of Directors

Tengku Dato' Zainal Rashid Bin Tengku Mahmood (Chairman)
Chia Song Kun (Managing Director)
Chia Seong Pow (Executive Director)
Chia Song Kooi (Executive Director)
Chia Seong Fatt (Executive Director)
Chia Song Swa (Executive Director)
Chia Mak Hooi (Director)
Mohd Rizal Bin Ramlee (Director)

Company Secretary

Ng Geok Ping (MAICSA 7013090)

Audit Committee

Tengku Dato' Zainal Rashid Bin Tengku Mahmood
(Chairman & Independent Non-Executive)
Mohd Rizal Bin Ramlee (Independent Non-Executive)
Chia Song Kun (Managing Director)

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Registered Office

No. 5, Lorong Bukit Kuda
Off Jalan Batu Tiga Lama, 41300 Klang,
Selangor Darul Ehsan, Malaysia.
Tel: 03-3342 6271 Fax: 03-3342 7202/2722

Auditors

KPMG
Public Accountants

Principal Bankers

Malayan Banking Berhad
Bumiputra Commerce Bank Berhad
Hong Leong Bank Berhad
RHB Bank Berhad

Registrars

Bina Management (M) Sdn Bhd (Register No. 50164-4)
Lot 10, The Highway Centre, Jalan 51/205,
46050 Petaling Jaya Selangor

Stock Exchange Listing

Second Board of Kuala Lumpur Stock Exchange



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting has been scheduled on Wednesday, 30th August, 2000 at 10.30 a.m. to be held at Concorde III, Level 2, Concorde Hotel Shah Alam, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan.

AGENDA

- (1) To receive and, if thought fit, adopt the Audited Statement of Accounts for the financial year ended 31st March, 2000 together with the Directors' and Auditors' Report thereon. **Resolution 1**
- (2) To re-elect the following Directors who retire in accordance with Article No. 103 of the Company's Articles of Association :

Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Resolution 2
Mr Chia Song Kun	Resolution 3
Mr Chia Seong Pow	Resolution 4
Mr Chia Seong Fatt	Resolution 5
Mr Chia Song Kooi	Resolution 6
Mr Chia Song Swa	Resolution 7
En. Mohd Rizal Bin Ramlee	Resolution 8
Mr Chia Mak Hooi	Resolution 9
- (3) To re-appoint Messrs KPMG as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 10**
- (4) Special business
To consider and if thought fit, pass the following resolution as an ordinary resolution: **Resolution 11**
"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered 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 issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."
- (5) To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

Ng Geok Ping
Company Secretary

Klang
14th August, 2000



QL RESOURCES BERHAD

(428915-X)



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of QL Resources Berhad, I have great pleasure to present the Annual Report and the Audited Accounts of the company and the Group for the financial year ended 31st March, 2000.

Corporate Development

I am pleased to advise that on 30th March, 2000, QL Resources Berhad was successfully listed on the Second Board of the Kuala Lumpur Stock Exchange. This marked a significant milestone in the Corporate history of the Group.



Financial Results

Group Profit Before Tax is RM20.058 million on a turnover of RM407.201 million. Our record of achieving growth in earnings has been maintained and the performance in all three core activities has been in line with our expectations.

Corporate Strategy

The cornerstone of our strategy is to focus our resources on integration and diversification into synergistic activities so as to ensure consistent long term growth. The Group has the necessary management capability and financial resources to further develop the company.

Prospects

Against a backdrop of a recovering Malaysian economy, and barring unforeseen circumstances, the Board expects an improvement in the performance of the Group in the next financial year.

Appreciation

I would like to take this opportunity to extend my appreciation to fellow members of the Board, Management and staffs for their invaluable contributions to the QL Group. With their continued support, commitment and dedication, I am confident that the Group will progress further.

**TENGGU DATO' ZAINAL RASHID
BIN TENGGU MAHMOOD**
Chairman



MANAGING DIRECTOR'S REPORT

The year ended 31st March 2000 has been a significant and successful year for the Group. The Group was listed on the Second Board of the KLSE on the 30th March 2000 with an oversubscribed rate of 41.29 times which reflect investors' confidence in QL Group.

The year under review also saw the Group achieving a pre-tax operating profit in excess of RM20 million, thus achieving the compound annual growth rate for pre-tax profit over last six years of about 33%. In the past two years, Group sales has also reached more than RM400 million, the compound annual growth for the Group turnover over the last six years is about 20%.

REVIEW OF OPERATIONS

Integrated Livestock Activities

	'1999 (Proforma) RM'million	'2000 RM'million
Turnover	262.0	268.14
Pre-tax profit	5.49	8.20

The continued improvement in profitability is mainly due to increased prices and volumes on last year albeit turnover increased only slightly. Given the backdrop of recent Asian Economic Crisis as well as worldwide depressed commodities prices, the integrated livestock activities results was nonetheless a creditable performance. This division has been performing creditably and its compound annual growth for turnover and pre-tax profit for the last six years is 16.64% and 30.91% respectively.

The division expansion is targeted at the Group's layer operation. Additional investment in this division will results in production of eggs per day to reach 500,000 by end of year 2000. Plans are also being made to further increase the production to 800,000 eggs per day within the next three years.

The Group's feed-meal raw material distribution activity has also increased its market share on last year through distribution in new areas. Many new major customers in these new areas have continued to give positive support.

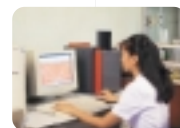
Marine-Based Manufacturing Activities

	'1999 (Proforma) RM'million	'2000 RM'million
Turnover	45.10	41.43
Pre-tax profit	6.02	5.77

This division shows a slight decrease in turnover as well as operating profit. The slight reduction in profit was mainly due to cyclical pattern of lower fish landing and as a consequence resulting in higher costs of production. Although sales decreased marginally, the Group maintained its market leadership and more importantly, the component of domestic value-added sales increased. The Group remained committed to the growth of the marine-based operations and to achieving the full benefits of the economies of scale in reducing the unit cost of output.

The basis for growth in the marine-based operations is now in place, however significant opportunities for further improvements in production efficiency still exist and these will be addressed as priority in the forthcoming year.





MANAGING DIRECTOR'S REPORT

The value added activities of this division are an integral part of future success, both in terms of the profitability of products produced, and increased opportunities and this provides the room to improve the co-ordination between production and the market.

The strategic challenge therefore for the seafood-based division is to continue the Group's evolution away from primary production focus, towards a more developed seafood-based business, marketing a wide range of marine-based products. Integral to this transition is further development of differentiated products and strengthening of the brand, accordingly, this area will receive focus in the coming year.

The marine-based manufacturing activities' results are still satisfactory and its compound annual growth for turnover and pre-tax profit for the last six years was 18.80% and 23.01% respectively.

Oil Palm Related & Other Activities

	'1999 (Proforma) RM'million	'2000 RM'million
Turnover	95.70	97.64
Pre-tax profit	2.60	6.08

The oil palm related activities represents one of the new core business of the Group. The principal activity of this division is Crude Palm Oil (CPO) milling. The CPO mill is situated near Tawau, Sabah and process fresh fruit bunches (FFB) from outside producers as well as from its own small-scale estates. This division will continue to seek opportunities to increase its oil palm acreage and during the financial year 31st March 2000, one of the Group's subsidiary entered into an agreement to purchase 799.11 acres of oil palm estate situated in Kalumpang, District of Tawau.

During the year ended 31st March 2000, although average CPO prices obtained has decreased significantly as compared to last year, the volume of FFB processed however has increased by 72%, resulting therefore in slight increase in turnover but significant increase in operating profit of 133% compared to last year.

OUTLOOK

The momentum of financial year 2000 results has continued into the first three months of financial year 2001. We expect financial year 2001 to be a challenging year and we are confident that the Group is well positioned to maintain a sustainable growth and improved performance throughout the year.

CHIA SONG KUN
Managing Director





BOARD OF DIRECTORS



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Directors Seated, from left to right

Chia Seong Pow (Executive Director)

Tengku Dato' Zainal Rashid Bin Tengku Mahmood (Chairman)

Chia Song Kun (Managing Director)

Directors Standing, from left to right

Mohd Rizal Bin Ramlee (Director)

Chia Mak Hooi (Director)

Chia Song Kooi (Executive Director)

Chia Song Swa (Executive Director)

Chia Seong Fatt (Executive Director)



QL RESOURCES BERHAD

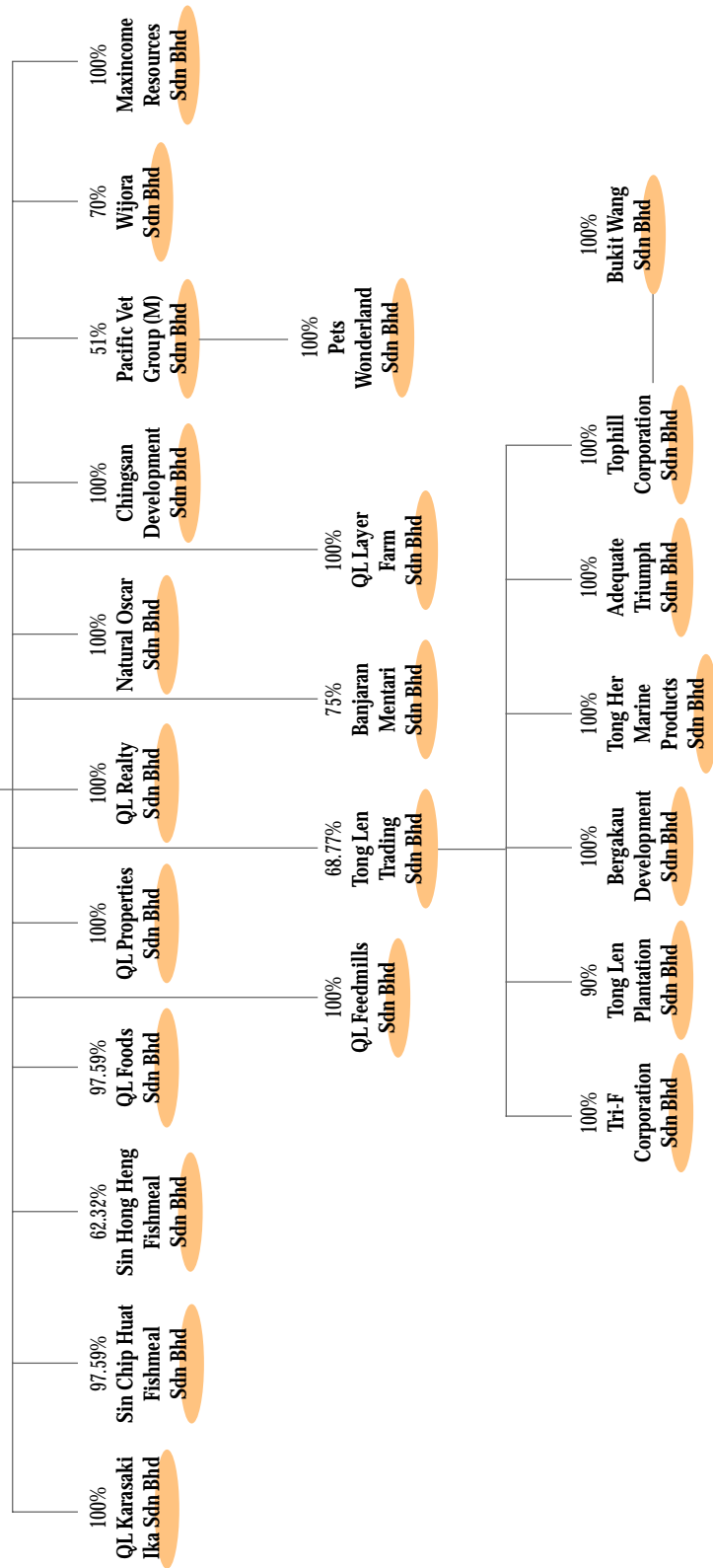
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CORPORATE STRUCTURE

QL RESOURCES BERHAD

QL Feedingstuffs Sdn Bhd





TERMS OF REFERENCE OF AUDIT COMMITTEE

1. *Membership*

The Committee shall be appointed by the Board of Directors of the Company from amongst the Board and shall consist of not less than three (3) members, majority of which shall comprise of non-executive directors. A quorum shall be 2 members, one of whom shall be a non-executive director.

No member of the Committee shall be:

- a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the Company or any related corporation, or
- spouse of brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the Company or of any related corporation, or
- any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the function of the Audit Committee.

The members of the Committee shall elect a chairman from among their members who is not an executive director or employee of the Company or any related corporation.

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

The terms of office of Committee members should be reviewed by the Board no less than every three years.

2. *Authority*

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. *The functions of the Committee shall be:*

- a. to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the companies within the Group;
- b. to oversee all matters relating to external audit including the review of audit plan and audit report;
- c. to oversee the internal audit department including the evaluation of the standards of internal control and financial reporting;
- d. to review of statutory financial statements; and
- e. undertake such other responsibilities as may be agreed to by the committee and the Board.

4. *Attendance at Meetings*

The Managing Director and other senior executive as may be requested by the Committee and a representative of the external auditor shall normally attend meetings. However, at least once a year the Committee shall meet with the external auditors.

The company secretary shall be the secretary of the Committee.

5. *Frequency of Meetings*

Meetings shall be held at least every quarter in a calendar year. The external auditors may request a meeting if they consider one necessary.