1H 2003 Results

Qian Hu Corporation Limited
Corporate Highlights

- Attained IHQ status
- Obtained CITES II licence for successfully breeding second generation of Arapaima – largest freshwater fish in the world
- Acquisition of Kim Kang completed
- Formed a 49% joint venture with Pet Safari to grow distribution and retail business in Malaysia
- Wan Jiang obtained ISO 9001 certification
1H 2003 Results
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>1H03 (S$m)</th>
<th>1H02 (S$m)</th>
<th>Growth (%)</th>
<th>2Q03 (S$m)</th>
<th>2Q02 (S$m)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>33.2</td>
<td>27.8</td>
<td>19.4</td>
<td>17.3</td>
<td>15.3</td>
<td>12.9</td>
</tr>
<tr>
<td>EBITDA</td>
<td>5.0</td>
<td>4.4</td>
<td>13.5</td>
<td>2.9</td>
<td>2.6</td>
<td>11.2</td>
</tr>
<tr>
<td>Profit after tax before EI</td>
<td>3.3</td>
<td>2.9</td>
<td>11.5</td>
<td>1.9</td>
<td>1.9</td>
<td>3.7</td>
</tr>
<tr>
<td>Earnings per share (fully diluted)</td>
<td>3.14 cents</td>
<td>3.15 cents</td>
<td>-</td>
<td>1.87</td>
<td>2.03</td>
<td>-</td>
</tr>
<tr>
<td>Return on equity</td>
<td>10.8%</td>
<td>12.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt-to-Equity Ratio</td>
<td>0.44</td>
<td>0.50</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets backing per share</td>
<td>29.7 cents</td>
<td>23.6 cents</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Turnover By Activities
1st Half ended 30 June

1H2003

Plastics & Others
10%
Ornamental Fish
39%
Aquarium & Pet Accessories
51%

1H2002

Plastics & Others
12%
Ornamental Fish
43%
Aquarium & Pet Accessories
45%
Turnover By Regions
1st Half ended 30 June

Overseas
52%
48%
Singapore

Overseas
44%
56%
Singapore

1H 2003

1H 2002
Profit By Activities
1st Half ended 30 June

1H 2003

Plastics & Others 4%
Ornamental Fish 40%
Aquarium & Pet Accessories 56%

1H 2002

Plastics & Others 9%
Ornamental Fish 46%
Aquarium & Pet Accessories 45%
Profit By Regions
1st Half ended 30 June

1H2003
Overseas 50%
Singapore 50%

1H2002
Overseas 47%
Singapore 53%
## Comparing Q2 vs Q1

<table>
<thead>
<tr>
<th></th>
<th>Q2/2003 (S$m)</th>
<th>Q1/2003 (S$m)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>17.3</td>
<td>15.9</td>
<td>8.3</td>
</tr>
<tr>
<td>Net Profit</td>
<td>1.9</td>
<td>1.3</td>
<td>48.4</td>
</tr>
</tbody>
</table>
**Balance Sheet Highlights**

<table>
<thead>
<tr>
<th></th>
<th>30/6/03 (S$m)</th>
<th>31/12/02 (S$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>43.9</td>
<td>43.8</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>13.3</td>
<td>15.5</td>
</tr>
<tr>
<td>Total Shareholders’ Funds</td>
<td>30.2</td>
<td>27.9</td>
</tr>
</tbody>
</table>
## Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>1H2003 (S$m)</th>
<th>1H2002 (S$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operating activities</td>
<td>-</td>
<td>2.0</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(0.8)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Cash generated from (used in) financing activities</td>
<td>(0.9)</td>
<td>3.8</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and equivalents</td>
<td>(1.7)</td>
<td>4.9</td>
</tr>
<tr>
<td>Cash and cash equivalent at end of period</td>
<td>6.1</td>
<td>6.2</td>
</tr>
</tbody>
</table>
# Inventory & Trade Debtors Turnover

<table>
<thead>
<tr>
<th></th>
<th>30/6/03</th>
<th>31/12/02</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inventory Turnover</strong></td>
<td>88 days</td>
<td>88 days</td>
</tr>
<tr>
<td><strong>Trade Debtors Turnover</strong></td>
<td>62 days</td>
<td>62 days</td>
</tr>
</tbody>
</table>
Segmental Review
### Ornamentsal Fish

<table>
<thead>
<tr>
<th></th>
<th>Turnover Growth</th>
<th>Operating Profit Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q03 vs 2Q02</td>
<td>3.9%</td>
<td>42.6%</td>
</tr>
<tr>
<td>1H03 vs 1H02</td>
<td>9%</td>
<td>19.4%</td>
</tr>
<tr>
<td>2Q03 vs 1Q03</td>
<td>7.3%</td>
<td>117%</td>
</tr>
</tbody>
</table>

- Higher contributions from Thai Qian Hu and fish division in Guan Guan (Malaysia)
- Sales to retail outlets in Singapore remain relatively consistent
- Improved profit due to higher sales of own-bred Dragon Fish
Ornamental Fish

Successful breeding of the largest freshwater fish in the world – Arapaima

- On 9 May 2003, our 8 Arapaima bore 187 fry
- On 12 June 2003, we harvested another 2385 fry
- Awarded CITES 2
Acquisition of Kim Kang

Acquisition of 65% of Kim Kang Aquaculture completed on 16 July 03

Based in Batu Pahat, Kim Kang is the third largest Dragon Fish exporter with more than 1,000 pieces of Brooder Stock

Expect to contribute towards an increase in Group turnover and profit in the current year

Streats, 10 July 2003
Accessories

<table>
<thead>
<tr>
<th></th>
<th>Turnover Growth</th>
<th>Operating Profit Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q03 vs 2Q02</td>
<td>26.5%</td>
<td>(14.0%)</td>
</tr>
<tr>
<td>1H03 vs 1H02</td>
<td>34.4%</td>
<td>7.6%</td>
</tr>
<tr>
<td>2Q03 vs 1Q03</td>
<td>10.8%</td>
<td>(5.5%)</td>
</tr>
</tbody>
</table>

Increased in sales contributions from PRC operations while Singapore experienced lower demands due to SARS impact.

Dip in profit due to:

- Keener competition and more promotions during the SARS period which reduced gross margin yields
- Lower margins from Wan Jiang despite higher turnover
Accessories

Focus on Branding for Accessories

OCEAN FREE™
Joint Venture: The Pet Safari in Malaysia

- 49% stake (RM300K) through Guan Guan
- Pet Safari will run pet supermarts (pets, pet supplies, boarding, grooming, pet food, pet accessories and other ancillary services) in Malaysia
  - Plans to open a 30,000 sq ft one-stop centre in IKEA Power Centre in Damansara – the most affluent residential area in KL
- Guan Guan will supply all the ornamental fish and accessories to this joint venture
- Expect to receive long-term boost but not expected to contribute significantly to current year’s results as it will only be operational by end 2003
Fish Nuggets

We are a growth company

- All core activities registered turnover growth
- IHQ: Recognition from Government that we are a regional and global player
- Acquisition of Kim Kang will have positive impact on our Group turnover and profitability in 2003
- Joint venture with Pet Safari in Malaysia will provide upside growth in our fish and accessories business
- Healthy growth in turnover and overall profitability in FY2003

We are exportable, expandable and scalable

- We will continue to replicate our business model to other untapped markets

We are an integrated ornamental fish service provider

- Not just a fish breeder, distributor or exporter
- Not just an aquarium accessories manufacturer and distributor