FY 2002 Results

Qian Hu Corporation Limited
2002 was a good year for Qian Hu!
Splash!

From today, Qian Hu jumps into a bigger tank
- The SGX Main Board
Corporate Achievements

- For the 2nd year running – Most Transparent Company Award (Small Caps Category) – SIAS
- Most Admired Company on Sesdaq
- Grand Prix for Best Overall Investor Relations – IR Asia/AWSJ (Highly Commended)
- Top 3 in “Best Small Companies” by Asiamoney (Dec 02/Jan 03)
  - A poll of 3000 fund managers, chief investment officers and research heads in Asia-Pacific
- Best Annual Report (Sesdaq Category) – 1st Runner Up
Corporate Achievements

The latest company in our Group to get ISO 9002 – Beijing Qian Yang (Tat Leng, Guan Guan, Thai Qian Hu in 02)

Launched Qian Hu Voice 63345268
- An intelligent customer service phone system that you can find out your reward points, give feedback and even get the latest QH stock quotes
Audited FY 2002 Results
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2002 (S$m)</th>
<th>2001 (S$m)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td>62.7</td>
<td>41.2</td>
<td>52.0</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>10.2</td>
<td>5.7</td>
<td>44.2</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>6.5</td>
<td>3.6</td>
<td>84.0</td>
</tr>
<tr>
<td><strong>Earnings per share (fully diluted)</strong></td>
<td>6.6 cents</td>
<td>3.9 cents</td>
<td></td>
</tr>
<tr>
<td><strong>Return on equity</strong></td>
<td>23.5%</td>
<td>20.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Debt-to-Equity Ratio</strong></td>
<td>0.04</td>
<td>0.11</td>
<td></td>
</tr>
<tr>
<td><strong>NTA backing per share</strong></td>
<td>27.4 cents</td>
<td>20.8 cents</td>
<td></td>
</tr>
</tbody>
</table>
Turnover By Activities
Full year ended 31 December

2001
- Aquarium & Pet Accessories: 40%
- Ornamental Fish: 45%
- Plastics & Others: 15%

2002
- Aquarium & Pet Accessories: 51%
- Ornamental Fish: 38%
- Plastics & Others: 11%
Turnover By Regions
Full year ended 31 December

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas</th>
<th>Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>2002</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>
Profit By Activities
Full year ended 31 December

2001
- Aquarium & Pet Accessories: 49%
- Ornamental Fish: 40%
- Plastics & Others: 11%

2002
- Aquarium & Pet Accessories: 73%
- Ornamental Fish: 24%
- Plastics & Others: 3%
Profit By Regions
Full year ended 31 December

2001
- Singapore: 61%
- Overseas: 39%

2002
- Singapore: 53%
- Overseas: 47%
Growth Indicators

CAGR (T/O) = 28.7%
CAGR (Profit) = 87.6%
## Comparing Q3 vs Q4

<table>
<thead>
<tr>
<th></th>
<th>Q3/2002 (S$m)</th>
<th>Q4/2002 (S$m)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td>17.5</td>
<td>17.4</td>
<td>(0.3)</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>1.9</td>
<td>1.7</td>
<td>(7.5)</td>
</tr>
</tbody>
</table>
## Q4/2002 vs Q4/2001

<table>
<thead>
<tr>
<th></th>
<th>Q4/2002 (S$m)</th>
<th>Q4/2001 (S$m)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>17.4</td>
<td>11.6</td>
<td>50.2</td>
</tr>
<tr>
<td>Net Profit</td>
<td>1.7</td>
<td>1.3</td>
<td>30.7</td>
</tr>
</tbody>
</table>
## Balance Sheet Highlights

<table>
<thead>
<tr>
<th></th>
<th>31/12/02 (S$m)</th>
<th>31/12/02 (S$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>27.6</td>
<td>43.7</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>10.3</td>
<td>15.5</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Funds</strong></td>
<td>17.2</td>
<td>27.9</td>
</tr>
</tbody>
</table>
## Cash Flow Statement

<table>
<thead>
<tr>
<th>Activity</th>
<th>2001 (S$m)</th>
<th>2002 (S$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operating activities</td>
<td>0.02</td>
<td>4.7</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(1.1)</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Cash generated from (used in) financing activities</td>
<td>(0.8)</td>
<td>3.5</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and equivalents</td>
<td>(1.9)</td>
<td>6.5</td>
</tr>
</tbody>
</table>
## Inventory & Trade Debtors Turnover

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inventory Turnover</strong></td>
<td>78 days</td>
<td>88 days</td>
</tr>
<tr>
<td><strong>Trade Debtors Turnover</strong></td>
<td>66 days</td>
<td>62 days</td>
</tr>
</tbody>
</table>
Dividend & Bonus Issue

Dividend:

- 6% gross per share plus
- 6% special dividend
About the Ornamental Fish Industry
About The Ornamental Fish Industry

**Huge Potential For Expansion**
- According to WTO, the world trade in ornamental fish is worth more than US$4.5 billion with an annual growth rate of 8%.
- Asia accounts for a significant 68%.

**Increase in Imports**
- The value of world ornamental fish imports increased from US$50 million to US$250 million over the last two decades.

**Singapore, Ornamental Fish Capital of the World**
- Asia contributes more than 50% of the world supply of ornamental fish.
- Singapore is a major player in the world ornamental fish export market accounting for about 30% of the turnover. Followed by the United States of America, Thailand, Malaysia, the Czech Republic, Indonesia, Sri Lanka, Japan, the Philippines and Israel.
About The Ornamental Fish Industry

The Main Importers Are:

- United States (25%)
- Japan (18%)
- Europe, particularly Germany (9%)
- France (8%)
- United Kingdom (7%)

- In international trade, in value terms, freshwater species represent about 90%, against 10% for marine species.

World’s Most Popular Pets

- Ornamental fish are the world's most popular pets and fish keeping is the second most popular hobby after photography.
Segmental Review
Ornamental Fish

Sales grew by 31.2% y-o-y to $24.0 million

- Increase in sales to more local retail outlets & in-house outlet
- Export of Dragon Fish to Taiwan from Jan 02 contributed 23% of the increase
  
  Poised to grow even more as there is pent-up demand for dragon fish in the Taiwan market
- Improved sales from expanding China market
- Contributions from Thai Qian Hu & Guan Guan (Malaysia)
Accessories

Sales grew by nearly 92% y-o-y
- Malaysia & Thailand subsidiaries contributed 65% of the increase
- Supplying to more retailers and supermarkets in S’pore

Wan Jiang (Guangzhou)
- Product lines change often due to trend

Took 50% stake in Jin Jien Hsing Enterprise Co., Ltd (Taiwan) which distributes pet food and accessories
Our Mission

We want to create shareholders’ value by becoming a world class ornamental fish and accessories company through innovative and quality products and services.
Acquisition

- Definitive Agreement signed on 20 Jan 03 to acquire 65% of Kim Kang Aquaculture Sdn Bhd
- Based in Batu Pahat, Kim Kang specialises in breeding Dragon Fish
- Purchase consideration: S$7.7M (RM16.9M)
- To be paid for using 50% cash, and 50% shares (@96 cents)
- Additional goodwill consideration:
  - S$2.1M if Vendor achieves PBT of not less than S$1.4M for FY2003
  - S$1.0M if Vendor achieves PBT of not less than S$2.2M for FY2004
Rationale for the Acquisition

- Part of our overall strategy of continually extending value to our ornamental fish operations.
- Growing, strong demand for Dragon Fish in Asia particularly from our new markets such as Taiwan and the PRC
- Kim Kang has requisite operational capacity, land, infrastructure, and brooder stock to supply substantial number of Dragon Fish to the market
- Expect positive impact on Group turnover and profitability
Fish Nuggets

We are a growth company
- All core activities registered turnover growth
- CAGR for turnover 28.7%, profit: 87.6% for the last 5 years
- Our broad-based achievements
- Acquisition of Kim Kang will have positive impact on our Group turnover and profitability
- Expect to maintain 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 or fish exporter
- Not just a fish farm
Wishing you a Happy and Prosperous New Year