

This format of the financial statements is not exhaustive. Listed companies should include separate disclosure of any items which is material because of its size and/or incidence so as to give a proper understanding of the group's performance.

Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the company and its principal subsidiaries".

QIAN HU CORPORATION LIMITED

First Quarter Financial Statement Announcement

The Board of Directors of Qian Hu Corporation Limited is pleased to announce the results of the Group and of the Company for the three months ended 31 March 2002. These figures have not been audited.

| | Group | | | Company | | |
|--|---------|----------|---------|---------|---------|----------|
| | S\$'000 | | % | S\$'000 | | % |
| | 31/3/02 | 31/03/01 | Change | 31/3/02 | 31/3/01 | Change |
| 1.(a) Turnover | 12,528 | 9,381 | 33.6% | 10,313 | 7,805 | 32.1% |
| 1.(b) Investment income | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.(c) Other income including interest income | 1 | 2 | (50.0%) | 0 | 2 | (100.0%) |
| 2.(a) Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items | 1,776 | 1,016 | 74.8% | 1,430 | 1,067 | 34.0% |
| 2.(b)(i) Interest on borrowings | (27) | (17) | 58.8% | (25) | (13) | 92.3% |
| 2.(b)(ii) Depreciation and amortisation | (344) | (270) | 27.4% | (208) | (194) | 7.2% |
| 2.(b)(iii) Foreign exchange gain/(loss) | 1 | 32 | (96.9%) | 0 | 11 | (100.0%) |
| 2.(c) Exceptional items | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | |
|-------|--|-------|-----|-------|-------|-----|-------|
| 2.(d) | Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items | 1,406 | 761 | 84.8% | 1,197 | 871 | 37.4% |
|-------|--|-------|-----|-------|-------|-----|-------|

| | Group | | | Company | | | |
|------------|---|----------|--------|---------|---------|--------|-------|
| | S\$'000 | | % | S\$'000 | | % | |
| | 31/3/02 | 31/03/01 | Change | 31/3/02 | 31/3/01 | Change | |
| 2.(e) | Income derived from associated companies | 5 | 5 | 0% | 0 | 0 | 0 |
| 2.(f) | Less income tax | (380) | (215) | 76.7% | (280) | (180) | 55.6% |
| 2.(g)(i) | Operating profit after tax before deducting minority interests | 1,031 | 551 | 87.1% | 917 | 691 | 32.7% |
| 2.(g)(ii) | Less minority interests | 13 | 50 | (74.0%) | 0 | 0 | 0 |
| 2.(h) | Operating profit after tax attributable to members of the company | 1,044 | 601 | 73.7% | 917 | 691 | 32.7% |
| 2.(i)(i) | Extraordinary items | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.(i)(ii) | Less minority interests | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.(i)(iii) | Extraordinary items attributable to members of the company | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.(i)(iv) | Transfer to/from Exchange Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.(i)(v) | Transfer to Capital Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.(i)(vi) | Transfer to Reserve Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.(j) | Operating profit after tax and extraordinary items attributable to members of the company | 1,044 | 601 | 73.7% | 917 | 691 | 32.7% |

Group Figures

| | | 31/3/02 | 31/03/01 |
|-------|--|------------|------------|
| 3.(a) | Earnings per share based on 2(h) above after deducting any provision for preference dividends :- | | |
| | (i) Based on existing issued share capital | 1.24 cents | 0.73 cents |
| | (ii) On a fully diluted basis | 1.23 cents | 0.72 cents |
| 3.(b) | Earnings per share based on 2(j) above:- | | |

| | | |
|---|-------------|-------------|
| (i) Based on existing issued share capital | 1.24 cents | 0.73 cents |
| (ii) On a fully diluted basis | 1.23 cents | 0.72 cents |
| 3.(c) Net tangible asset backing per ordinary share | 19.64 cents | 16.84 cents |

4.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years
NIL

4.(b) Amount of any pre-acquisition profits
NIL

4.(c) Amount of profits on any sale of investments and/or properties

| | |
|--------------------------------|-----------------|
| Sale of investments/properties | \$Profit/(Loss) |
| NIL | |
| | |

4.(d) Any other comments relating to Paragraph 4
NIL

5.(a) Review of the performance of the company and its principal subsidiaries

(i) **BUSINESS SEGMENTS (The Group)**

| 31/3/2002 | Fish \$'000 | Accessories \$'000 | Others \$'000 | Eliminations \$'000 | Total \$'000 |
|---------------------|----------------|-----------------------|------------------|------------------------|-----------------|
| TURNOVER | | | | | |
| External sales | 5,478 | 5,545 | 1,505 | - | 12,528 |
| Inter-segment sales | 260 | 1,503 | 261 | (2,024) | - |
| Total sales | 5,738 | 7,048 | 1,766 | (2,024) | 12,528 |

| | | | | | |
|---------------------------------------|--------|--------|-------|------|---------------|
| | | | | | |
| RESULTS | | | | | |
| Segment results | 702 | 1,001 | 55 | (39) | 1,719 |
| Unallocated expenses | | | | | (286) |
| | | | | | 1,433 |
| Financial expenses - net | | | | | (27) |
| Share of profit of associated company | | | | | 5 |
| Taxation | | | | | (380) |
| Minority interests | | | | | 13 |
| Net profit for the period | | | | | 1,044 |
| | | | | | |
| ASSETS & LIABILITIES | | | | | |
| Assets | 11,225 | 11,798 | 5,258 | - | 28,281 |
| Investment in associated company | | | | | 320 |
| Unallocated assets | | | | | 113 |
| Total assets | | | | | 28,714 |
| | | | | | |
| Liabilities | 2,587 | 3,198 | 1,554 | - | 7,339 |
| Unallocated liabilities | | | | | 3,088 |
| Total liabilities | | | | | 10,427 |
| | | | | | |
| OTHER INFORMATION | | | | | |
| Capital expenditure | 511 | 137 | 104 | - | 752 |
| Depreciation and amortisation | 142 | 119 | 83 | - | 344 |
| Other non-cash expenses (income) | 50 | - | - | - | 50 |

| 31/3/2001 | Fish \$'000 | Accessories \$'000 | Others \$'000 | Eliminations \$'000 | Total \$'000 |
|-----------|----------------|-----------------------|------------------|------------------------|-----------------|
|-----------|----------------|-----------------------|------------------|------------------------|-----------------|

| | | | | | |
|---------------------------------------|--------------|--------------|--------------|----------------|---------------|
| TURNOVER | | | | | |
| External sales | 4,355 | 3,659 | 1,367 | - | 9,381 |
| Inter-segment sales | 116 | 889 | 51 | (1,056) | - |
| Total sales | 4,471 | 4,548 | 1,418 | (1,056) | 9,381 |
| | | | | | |
| RESULTS | | | | | |
| Segment results | 473 | 353 | 106 | (52) | 880 |
| Unallocated expenses | | | | | (102) |
| | | | | | 778 |
| Financial expenses - net | | | | | (17) |
| Share of profit of associated company | | | | | - |
| Taxation | | | | | (215) |
| Minority interest | | | | | 50 |
| Net profit for the period | | | | | 601 |
| | | | | | |
| ASSETS & LIABILITIES | | | | | |
| Assets | 10,324 | 7,612 | 4,216 | - | 22,152 |
| Investment in associated company | | | | | 329 |
| Unallocated assets | | | | | 1,002 |
| Total assets | | | | | 23,483 |
| | | | | | |
| Liabilities | 2,895 | 2,774 | 1,521 | - | 7,190 |
| Unallocated liabilities | | | | | 1,843 |
| Total liabilities | | | | | 9,033 |
| | | | | | |
| OTHER INFORMATION | | | | | |
| Capital expenditure | 64 | 54 | 98 | - | 216 |
| Depreciation and amortisation | 116 | 102 | 52 | - | 270 |

| | | | | | |
|----------------------------------|---|---|---|---|---|
| Other non-cash expenses (Income) | - | - | - | - | - |
|----------------------------------|---|---|---|---|---|

(ii) GEOGRAPHICAL SEGMENTS (The Group)

| | Turnover | Turnover | Assets | Assets | Capital expenditure | Capital expenditure |
|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 31/3/2002 \$'000 | 31/3/2001 \$'000 | 31/3/2002 \$'000 | 31/3/2001 \$'000 | 31/3/2002 \$'000 | 31/3/2001 \$'000 |
| Singapore | 7,261 | 5,514 | 21,679 | 17,613 | 259 | 113 |
| Overseas | 5,267 | 3,867 | 7,035 | 5,870 | 493 | 103 |
| Total | 12,528 | 9,381 | 28,714 | 23,483 | 752 | 216 |

COMMENTARY

Turnover

| 1st Quarter 2002 vs 1st Quarter 2001 | 1 Qtr 2002 \$'000 | 1 Qtr 2001 \$'000 | Increased \$'000 | % |
|---|----------------------|----------------------|---------------------|------|
| Fish | 5,478 | 4,355 | 1,123 | 25.8 |
| Accessories | 5,545 | 3,659 | 1,886 | 51.5 |
| Plastic & others | 1,505 | 1,367 | 138 | 10.1 |
| | 12,528 | 9,381 | 3,147 | |

For the period ended 31 March 2002, our ornamental fish activities and distribution of accessories continued to be our core activities, which together accounted for 88% of our total turnover. Geographically, our Singapore market continued to be our main market accounting for 58% of our total turnover for the period ended 31 March 2002.

Our turnover increased by \$3.1 million or 33.6% from \$9.4 million for the period ended 31 March 2001 to \$12.5 million for the period ended 31 March 2002. All activities registered growth in turnover. Turnover for ornamental fish, accessories, and plastics and other business increased by \$1.1 million or 25.8%, \$1.9 million or 51.5% and \$0.1 million or 10.1%, respectively in the 1st quarter of FY 2002 as compared to its corresponding period in FY 2001.

The increase in the turnover of ornamental fish is due to increase in sales of ornamental fish to the local fish retailers and to visitors patronizing our in-house retail outlet. One of our

subsidiaries in Thailand, which commenced its operations in January 2002, has contributed to the turnover ornamental fish in FY 2002.

In addition, with effect from FY 2002, the Taiwanese government has allowed the import of licensed Dragon Fish. Since January 2002, we have started export Dragon Fish to Taiwan to take advantage of the change in regulation. The sales of Dragon Fish to Taiwan accounted for approximately 35% of the increase in sales of ornamental fish.

Our Malaysia & Thailand subsidiaries has contributed approximately 60% of the increase in turnover of accessories as a result of market share gained from these countries towards the end of FY 2001. In the domestic market, we continue to expand and penetrate our distribution network to more local retailers and supermarkets, which has also resulted in the increase in sales of our accessories products.

Following the shift into our new factory location in May 2001, with the increase in production capacity and capabilities, our turnover for plastic and others experienced growth by focusing on more high-value items and expanding our distribution channel to outside Singapore.

On a geographical basis, turnover from Singapore grew 31.7% mainly as a result of improved sales to local fish retailers and sales generated from our in-house retail outlet. Turnover from overseas grew by 36.2% for the 3 months ended 31 March 2002 compared to the corresponding period in FY 2001. Our constant effort in expanding into overseas' untapped markets contributed to the increased in overseas turnover.

Operating profit before taxation

| 1st Quarter 2002 vs 1st Quarter 2001 | 1 Qtr 2002 \$'000 | 1 Qtr 2001 \$'000 | Increased/ (Decreased) \$'000 | % |
|---|----------------------|----------------------|-------------------------------------|--------|
| Fish | 699 | 471 | 228 | 48.4 |
| Accessories | 1,001 | 348 | 653 | 187.6 |
| Plastic & others | 56 | 109 | (53) | (48.6) |
| Unallocated corporate expenses | (345) | (162) | 183 | 113.0 |
| | 1,411 | 766 | 645 | |

Our operating profit increased by \$0.6 million or 84.2% to \$1.4 million for the quarter ended 31 March 2002 as compared to \$0.8 million for the quarter ended 31 March 2001. Profit after taxation increased by 73.7% from \$0.6 million for the 3 months ended 31 March 2001 to approximately \$1.05 million for the 3 months ended 31 March 2002.

Although the sales of ornamental fish yielded consistent gross profit margin during the first

quarter of FY 2002 as compared to its corresponding period in FY 2001, our operating profit from ornamental fish registered growth in FY 2002 as a result of the surge in sales volume. As our operating expenses remained relatively stable, the increase in sales has resulted in improve in profitability.

During the first quarter of FY 2001, our accessories activities experienced low profit as a result of high purchase costs and operating losses due mainly to set-up and restructuring costs incurred by our Thailand subsidiary (dealing with accessories) which could only resumed operations in May 2001 due to regulatory compliances.

In the first quarter of FY 2002, with a higher sales volume and better gross profit margin achieved, we managed to grow our operating profit from the accessories business as compared to the corresponding period in FY 2001. In addition, our Thailand subsidiary has managed to be operationally profitable by the end of FY 2001.

Despite the increase in turnover, our plastics and other business recorded a dip in profitability. This was as a result of higher operating costs experienced following the shift to our new factory location, coupled with losses incurred by one of our subsidiaries in PRC.

Unallocated corporate expenses relate to staff costs and administrative expenses incurred in relation to the overseeing of the Group's operations both locally and overseas. The increase was in line with additional headcount and corporate expenses.

- 5.(b) A statement by the Directors of the Company on whether "any item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the date to which the report refers and the date on which the report is issued". If none, to include a negative statement.

In the opinion of the Directors, no item, transaction or event of a material or unusual nature has arisen since the period under review to the date of this report which would materially effect the results of the Group and of the Company for the 3 months ended 31 March 2002.

6. Commentary on current year prospects

In FY 2002, while the Group's core business will continue to grow healthily at our home base in Singapore due to the growing domestic market, we expect the bulk of our growth to be from our overseas operations such as our newly formed subsidiary in Thailand, Thai Qian Hu, and our new fish division in Malaysia.

We expect to sustain the growth rate in our subsidiary in Malaysia, Guan Guan, during the current year, especially with the contributions from the newly set up fish division from March 2002.

One of our subsidiaries in Thailand, Qian Hu Marketing, suffered losses in first half of FY 2001 mainly due to restructuring costs incurred, managed to be operationally profitable at the end of FY 2001. With the newly formed Thai Qian Hu, we believe the turnover from our Thailand entities should increase and remain profitable in FY 2002.

We intend to increase our investment in our Guangzhou-based associate company, Wan Jiang, a joint venture with a Taiwanese company specializing in the manufacture of accessories, by raising the stake from 50% to 60%. We are currently in the process of undertaking the necessary filings with the relevant regulatory authorities in the PRC. Upon receiving the requisite PRC approval, Wan Jiang will then become a subsidiary of the Group, which will enable us to recognise its turnover and increase our profit share to be included in the Group's consolidated financial performance.

We have also entered into a joint venture agreement to set up a joint venture company in Taiwan, under the name of Jin Jien Hsing Enterprise Co., Ltd ("Jin Jien Hsing"). Its principal activities relate to the distribution of pet food and accessories. The registered capital and total investment amount of Jin Jien Hsing is NT\$1 million, which we have subscribed to 50% of the registered capital.

In addition, with effect from 1 January 2002, the Taiwanese government has finally allowed the import of licensed Dragon Fish. Since January 2002, we have started export Dragon Fish to Taiwan to take advantage of the change in regulation.

As we do not expect to carry further restructuring and start-up costs of our overseas subsidiaries in FY 2002, we expect positive contributions from our Group's overseas operations in Malaysia, Thailand and China. Accordingly, we envisage our Group's turnover and profit will continue to increase in FY 2002.

7. Dividend

(a) Any dividend declared for the present financial period? None

(b) Any dividend declared for the previous corresponding period? None

(c) Date payable

Not Applicable

(d) Books closing date

Not Applicable

(e) Any other comments relating to Paragraph 7

NIL

8. Details of any changes in the company's issued share capital

During the 1st quarter of FY 2002, 365,000 share options were exercised pursuant to the terms of the Qian Hu Pre-IPO Share Option Scheme. There was no share options granted during the period to subscribe for unissued ordinary shares.

As at 31 March 2002, there were 2,203,000 unexercised share options issued pursuant to the terms of the Qian Hu Pre-IPO Share Option Scheme at the exercise price of \$0.24 per share.

In addition, in March 2002, the Company issued 8,312,700 ordinary shares of \$0.10 each pursuant to a bonus issue on the basis of 1 bonus share for every 10 existing ordinary shares of \$0.10 each held on book closure date through the capitalization of the share premium account. The bonus shares rank pari passu in all respects with the existing shares of the Company, except that they are not entitled to any dividend declared in respect of the financial year ended 31 December 2001.

9. Comparative figures of the group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

| As at 31/03/2002 (DD/MM/YYYY) | | As at 31/12/2001 (DD/MM/YYYY) | |
|-------------------------------|-----------|-------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 1,384,601 | NIL | 1,000,181 | NIL |

(b) Amount repayable after one year

| As at 31/03/2002 (DD/MM/YYYY) | | As at 31/12/2001 (DD/MM/YYYY) | |
|-------------------------------|-----------|-------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 843,093 | NIL | 881,747 | NIL |

(c) Any other comments relating to Paragraph 9

NIL

10. Balance Sheet

| | Group | Group | Company | Company |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31/3/2002 \$ | 31/3/2001 \$ | 31/3/2002 \$ | 31/3/2001 \$ |
| Share capital and reserves | | | | |
| Share capital | 9,143,970 | 8,276,200 | 9,143,970 | 8,276,200 |
| Reserves | 9,093,387 | 6,158,847 | 7,601,657 | 5,318,283 |
| | 18,237,357 | 14,435,047 | 16,745,627 | 13,594,483 |
| Minority interest | 50,027 | 14,683 | - | - |
| | 18,287,384 | 14,449,730 | 16,745,627 | 13,594,483 |
| | | | | |
| Fixed assets | 8,186,261 | 6,840,639 | 5,272,951 | 5,152,312 |
| Subsidiaries | - | - | 2,450,844 | 2,188,706 |
| Associates | 319,542 | 328,521 | 327,931 | 327,931 |
| Quoted equity investments | 3,993 | - | - | - |
| Trademarks/customer acquisition cost, product listing fees | 57,424 | 218,308 | 51,710 | 218,308 |
| Land use rights | 224,619 | 278,097 | - | - |
| Advance for investment | 28,722 | 28,722 | 28,722 | 28,722 |
| | | | | |
| Current assets | | | | |
| Stocks | 6,679,463 | 5,227,767 | 3,631,331 | 2,836,793 |
| Trade debtors | 9,258,893 | 7,101,372 | 6,734,494 | 5,110,709 |
| Other debtors, deposits and prepayments | 708,720 | 644,967 | 291,706 | 281,221 |
| Due from | | | | |
| - subsidiaries (trade) | - | - | 2,827,405 | 1,878,168 |
| - subsidiaries (non-trade) | - | - | 922,414 | 131,398 |
| - holding company (non-trade) | 550 | - | 550 | - |
| - associates (trade) | 900,725 | - | 900,725 | - |

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| - associates (non-trade) | 712,873 | 104,992 | 712,873 | 104,992 |
| Fixed deposits | 97,839 | 374,783 | 21,393 | 268,926 |
| Cash and bank balances | 1,534,398 | 2,335,035 | 781,799 | 1,585,983 |
| | 19,893,461 | 15,788,916 | 16,824,690 | 12,198,190 |
| | | | | |
| Current liabilities | | | | |
| Trade creditors | 3,025,321 | 3,589,916 | 2,044,981 | 2,248,629 |
| Bills payable to bank, secured | 1,102,864 | 1,029,641 | 1,102,864 | 1,029,641 |
| Other creditors and accruals | 2,411,023 | 1,741,684 | 1,806,904 | 1,201,573 |
| Due to | | | | |
| - subsidiaries (trade) | - | - | 69,259 | 15,171 |
| - directors (non-trade) | 2,309 | 316,109 | - | - |
| Hire purchase creditors, current portion | 246,459 | 174,155 | 90,796 | 80,764 |
| Term loan, current portion | 200,000 | 200,000 | 200,000 | 200,000 |
| Provision for taxation | 1,381,487 | 1,122,377 | 1,042,233 | 958,775 |
| Bank overdrafts, secured | 938,142 | - | 938,142 | - |
| | 9,307,605 | 8,173,882 | 7,295,179 | 5,734,553 |
| | | | | |
| Net current assets | 10,585,856 | 7,615,034 | 9,529,511 | 6,463,637 |
| | | | | |
| Non-current liabilities | | | | |
| Hire purchase creditors, non-current portion | (489,478) | (233,114) | (338,427) | (168,114) |
| Term loan, non-current portion | (353,615) | (545,019) | (353,615) | (545,019) |
| Deferred taxation | (275,940) | (81,458) | (224,000) | (72,000) |
| | 18,287,384 | 14,449,730 | 16,745,627 | 13,594,483 |

Statement of Changes in Equity (The Group)

| | Share Capital \$ | Share premium \$ | Revenue reserve \$ | Translation reserve \$ | Total \$ |
|--|---------------------|---------------------|-----------------------|---------------------------|-------------|
|--|---------------------|---------------------|-----------------------|---------------------------|-------------|

| | | | | | |
|--|------------------|------------------|------------------|----------------|-------------------|
| | | | | | |
| Balance 1 Jan 2001 | 8,275,000 | 2,081,887 | 3,361,160 | 25,546 | 13,743,593 |
| Currency translation differences | - | - | - | 87,275 | 87,275 |
| Net profit for the period | - | - | 601,299 | - | 601,299 |
| Issue of new shares | 1,200 | 1,680 | - | - | 2,880 |
| Balance at 31 Mar 2001 | 8,276,200 | 2,083,567 | 3,962,459 | 112,821 | 14,435,047 |
| Currency translation differences | - | - | - | 9,008 | 9,008 |
| Net profit for the period | - | - | 1,124,896 | - | 1,124,896 |
| Payment of final dividends | - | - | (312,426) | - | (312,426) |
| Balance at 30 Jun 2001 | 8,276,200 | 2,083,567 | 4,774,929 | 121,829 | 15,256,525 |
| Currency translation differences | - | - | - | (41,603) | (41,603) |
| Net profit for the period | - | - | 497,302 | - | 497,302 |
| Balance at 30 Sept 2001 | 8,276,200 | 2,083,567 | 5,272,231 | 80,226 | 15,712,224 |
| Currency translation differences | - | - | - | 124,944 | 124,944 |
| Net profit for the period | - | - | 1,334,872 | - | 1,334,872 |
| Balance at 31 Dec 2001 | 8,276,200 | 2,083,567 | 6,607,103 | 205,170 | 17,172,040 |
| Currency translation differences | - | - | - | (65,870) | (65,870) |
| Net profit for the period | - | - | 1,043,587 | - | 1,043,587 |
| Issue of new shares | 36,500 | 51,100 | - | - | 87,600 |
| Capitalisation of share premium for bonus shares | 831,270 | (831,270) | - | - | - |
| Balance at 31 Mar 2002 | 9,143,970 | 1,303,397 | 7,650,690 | 139,300 | 18,237,357 |

11. Consolidated Cash Flow Statement

| | 1/1/2002 to 31/3/2002 \$ | 1/1/2001 to 31/3/2001 \$ |
|--|--------------------------------|--------------------------------|
| | | |

| | | |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Profit before taxation and minority interest | 1,410,665 | 766,482 |
| Adjustments for: | | |
| Depreciation of fixed assets | 296,463 | 223,596 |
| Amortisation of land use rights | 2,689 | 2,250 |
| Amortisation of trademarks/customer acquisition costs, product listing fees | 45,142 | 43,708 |
| Provision for doubtful debts (trade) | 50,000 | - |
| Share of profit of associated companies | 4,593 | 4,900 |
| Interest expense | 27,402 | 16,984 |
| Interest income | (635) | - |
| Net effect of exchange differences | (44,136) | 28,180 |
| Operating profit before working capital changes | 1,792,183 | 1,086,100 |
| (Increase) decrease in: | | |
| Stocks | (34,374) | (426,510) |
| Trade debtors | (503,381) | (889,711) |
| Other debtors, deposits and prepayments | 128,628 | 237,949 |
| Due from | | |
| - holding company (non-trade) | (550) | - |
| - associates (trade) | (484,806) | - |
| - associates (non-trade) | (155,736) | (104,992) |
| Increase (decrease) in: | | |
| Trade creditors | (527,228) | 285,810 |
| Bills payable to bank, secured | (50,135) | 125,954 |
| Other creditors and accruals | (80,682) | (191,428) |
| Due to directors (non-trade) | - | (176,485) |
| Cash generated from (used in) operations | 83,919 | (53,313) |
| Income tax paid | (11,690) | (124,914) |
| Interest paid | (27,402) | (16,984) |
| Interest received | 635 | - |
| Net cash generated from (used in) operating activities | 45,462 | (195,211) |

| | | |
|--|------------------|------------------|
| | | |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (636,360) | (177,132) |
| Advance for investment | - | (28,722) |
| Payment for trademarks/customer acquisition cost, product listing fees | (4,894) | (10,100) |
| Net cash used in investing activities | (641,254) | (215,954) |
| | | |
| Cash flows from financing activities | | |
| Repayment of hire purchase creditors | (82,841) | (62,871) |
| Repayment of term loan | (49,998) | (49,998) |
| Proceeds from issue of new shares | 87,600 | 2,880 |
| Net used in financing activities | (45,239) | (109,989) |
| | | |
| Net decrease in cash and cash equivalents | (641,031) | (521,154) |
| Cash and cash equivalents at beginning of period | 1,335,126 | 3,230,972 |
| Cash and cash equivalents at end of period | 694,095 | 2,709,818 |
| | | |
| Cash and cash equivalents comprises : | | |
| Fixed deposits | 97,839 | 374,783 |
| Cash and bank balances | 1,534,398 | 2,335,035 |
| Bank overdrafts | (938,142) | - |
| | 694,095 | 2,709,818 |

12. Contingent Liability

As at 31 March 2002, the Group and the Company has no contingent liability.

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
29/04/2002

