

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

Third 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 nine months ended 30 September 2001. These figures have not been audited.

	Group			Company		
	S\$'000		%	S\$'000		%
	30/9/01	30/9/00	Change	30/9/01	30/9/00	Change
1.(a) Turnover	29,655	25,201	17.7	24,052	20,582	16.9
1.(b) Investment income	0	0	0	0	0	0
1.(c) Other income including interest income	7	6	16.7	3	5	(40.0)
2.(a) Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	3,468	3,717	(6.7)	3,116	2,964	5.1
2.(b)(i) Interest on borrowings	50	119	(58.0)	43	103	(58.3)
2.(b)(ii) Depreciation and amortisation	870	670	29.9	602	494	21.9
2.(b)(iii) Foreign exchange gain/(loss)	124	39	218.0	57	29	96.6
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	2,672	2,967	(9.9)	2,528	2,396	5.5
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	Group			Company			
	S\$'000		%	S\$'000		%	
	30/9/01	30/9/00	Change	30/9/01	30/9/00	Change	
2.(e)	Income derived from associated companies	28	26	7.7	0	0	0
2.(f)	Less income tax	(675)	(720)	(6.3)	(570)	(600)	(5.0)
2.(g)(i)	Operating profit after tax before deducting minority interests	2,025	2,273	(10.9)	1,958	1,796	9.0
2.(g)(ii)	Less minority interests	65	11	490.9	0	0	0
2.(h)	Operating profit after tax attributable to members of the company	2,090	2,284	(8.5)	1,958	1,796	9.0
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	2,090	2,284	(8.5)	1,958	1,796	9.0

N.M. -- Not Meaningful

Group Figures

	30/9/01	30/9/00
3.(a) Earnings per share based on 2.(h) above after deducting any provision for preference dividends :-		
(i) Based on existing issued share capital	2.53 cents	3.26 cents
(ii) On a fully diluted basis	2.51 cents	3.26 cents

3.(b)	Earnings per share based on 2(j) above:-		
	(i) Based on existing issued share capital	2.53 cents	3.26 cents
	(ii) On a fully diluted basis	2.51cents	3.26 cents
3.(c)	Net tangible asset backing per ordinary share	18.52 cents	13.19 cents

Note to 3(a)(i), 3(b)(i) and 3(c)

Earnings per share on existing issued share capital and net tangible asset backing per ordinary share for the previous 9 months are calculated based on the pre-Placement issued share capital of 70,000,000 shares.

Earnings per share on existing issued share capital for the latest 9 months is calculated based on the weighted average number of post-Placement issued share capital of 82,759,407.

Net tangible asset backing per ordinary share for the latest 9 months is calculated based on the post-Placement issued share capital of 82,759,407.

Note to 3(a)(ii) and 3(b)(ii)

Earnings per share on a fully diluted basis for the previous 9 months is calculated based on the post-Placement issued share capital of 70,000,000 shares.

Earnings per share on a fully diluted basis for the latest 9 months is calculated based on the weighted average number of post-Placement shares in issue adjusted to assume conversion of all dilutive potential ordinary shares of 83,358,659.

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)
Profit on disposal of land use rights in China	\$48,703.00

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)**

30/09/2001	Fish \$'000	Accessories \$'000	Others \$'000	Eliminations \$'000	Total \$'000
TURNOVER					
External sales	13,568	11,615	4,472	-	29,655
Inter-segment sales	360	2,468	114	(2,942)	-
Total sales	13,928	14,083	4,586	(2,942)	29,655
RESULTS					
Segment results	1,468	1,593	236	(18)	3,279
Unallocated expenses					(557)
					2,722
Financial expenses - net					(50)
Share of profit of associated company					28
Taxation					(675)
Minority interests					65
Net profit for the period					2,090
ASSETS & LIABILITIES					
Assets	10,509	8,871	5,105	-	24,485
Investment in associated company					350
Unallocated assets					292
Total assets					25,127

Liabilities	2,942	2,931	1,806	-	7,679
Unallocated liabilities					1,735
Total liabilities					9,414
OTHER INFORMATION					
Capital expenditure	285	193	986	-	1,464
Depreciation and amortisation	358	304	208	-	870
Other non-cash expenses (income)	34	(316)	(68)	-	(350)

30/09/2000	Fish \$'000	Accessories \$'000	Others \$'000	Eliminations \$'000	Total \$'000
TURNOVER					
External sales	12,546	8,795	3,860	-	25,201
Inter-segment sales	424	2,327	110	(2,861)	-
Total sales	12,970	11,122	3,970	(2,861)	25,201
RESULTS					
Segment results	1,342	1,621	393	64	3,420
Unallocated expenses					(334)
					3,086
Financial expenses - net					(119)
Share of profit of associated company					-
Taxation					(720)
Minority interest					11
Net profit for the period					2,284
ASSETS & LIABILITIES					
Assets	10,410	6,227	3,688	-	20,325
Investment in associated company					141

Unallocated assets					435
Total assets					20,901
Liabilities	3,619	2,475	2,093	-	8,187
Unallocated liabilities					2,771
Total liabilities					10,958
OTHER INFORMATION					
Capital expenditure	1,744	280	345	-	2,369
Depreciation and amortisation	340	249	81	-	670
Other non-cash expenses (income)	88	(315)	(12)	-	(239)

(ii) **GEOGRAPHICAL SEGMENTS (The Group)**

	Turnover	Turnover	Assets	Assets	Capital expenditure	Capital expenditure
	30/9/2001 \$'000	30/9/2000 \$'000	30/9/2001 \$'000	30/9/2000 \$'000	30/9/2001 \$'000	30/9/2000 \$'000
Singapore	17,515	15,562	19,287	16,222	1,123	1,984
Overseas	12,140	9,639	5,840	4,679	341	385
Total	29,655	25,201	25,127	20,901	1,464	2,369

COMMENTARY

Turnover

3rd Quarter 2001 vs 3rd Quarter 2000	3 Qtr 2001 \$'000	3 Qtr 2000 \$'000	Increased \$'000	%
Fish	4,224	4,066	158	3.9
Accessories	3,908	2,747	1,161	42.3
Plastic & others	1,657	1,364	293	21.5
	9,789	8,177	1,612	

9 Months 2001 vs 9 Months 2000	9 Mths 2001 \$'000	9 Mths 2000 \$'000	Increased \$'000	%
Fish	13,568	12,546	1,022	8.2
Accessories	11,615	8,795	2,820	32.1
Plastic & others	4,472	3,860	612	15.9
	29,655	25,201	4,454	

For the 9 months ended 30 September 2001, our ornamental fish activities and distribution of accessories continued to be our core activities which together accounted for 84.9% of our total turnover. Geographically, our Singapore market continued to be our main market accounting for 59.1% of our total turnover for the 9 months ended 30 September 2001.

Our turnover increased by \$4.5 million or 17.7% from \$25.2 million for the 9 months ended 30 September 2000 to \$29.7 million for the 9 months ended 30 September 2001. All activities registered growth in turnover. For the 9 months ended 30 September 2001, turnover for ornamental fish, accessories, and plastics and other business increased by \$1 million or 8.2%, \$2.8 million or 32.1% and \$0.6 million or 15.9%, respectively as compared to the corresponding period in FY 2000. Comparing to the 3rd quarter of FY 2000, turnover for ornamental fish, accessories, and plastics and other business increased by \$0.2 million or 3.9%, \$1.2 million or 42.3% and \$0.3 million or 21.5%, respectively in FY 2001.

The increase in the turnover of ornamental fish is mainly due to increase in sales of Dragon Fish and our increased focus on sales of ornamental fish to local retailers. In addition, our in-house retail outlet set up in August 2000 has increased our sales of ornamental fish.

Of the \$2.8 million increase in turnover of accessories, \$1.3 million was contributed by our Malaysian & Thailand subsidiaries. In addition, the continuous expansion of our overseas customer, principally in South-east Asia, has resulted in the increase in sales 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 increased as we managed to expand our distribution channel in Singapore supplying higher end plastic bags directly to end-users. In addition, one of our subsidiaries in PRC, which commenced its operations in September 2000, has contributed to the turnover of plastic bags in FY 2001.

On a geographical basis, turnover from Singapore grew 12.5% mainly as a result of improved sales to local fish retailers and sales generated from the opening of our in-house retail outlets. Turnover from overseas grew by 25.9% for the 9 months ended 30 September 2001 compared to the corresponding period in FY 2000. Our constant effort in expanding into overseas' untapped markets contributed to the increased in overseas turnover.

Operating profit *before taxation*

3rd Quarter 2001 vs 3rd Quarter 2000	3 Qtr 2001 \$'000	3 Qtr 2000 \$'000	Increased/ (Decreased) \$'000	%
Fish	375	345	30	8.7
Accessories	514	409	105	25.7
Plastic & others	49	195	(146)	(74.9)
Unallocated corporate expenses	(205)	(169)	(36)	21.3
	733	780	(47)	

9 Months 2001 vs 9 Months 2000	9 Mths 2001 \$'000	9 Mths 2000 \$'000	Increased/ (Decreased) \$'000	%
Fish	1,468	1,342	126	9.4
Accessories	1,593	1,621	(28)	(1.7)
Plastic & others	264	419	(155)	(37.0)
Unallocated corporate expenses	(625)	(389)	(236)	60.7
	<i>(B&W)</i> 2,700	2,993	(293)	

Despite the increase in turnover, our operating profit dipped \$0.3 million or 9.9% to \$2.7 million for the 9 months ended 30 September 2001 as compared to \$3 million for the 9 months ended 30 September 2000. Profit ~~before~~ *(B&W)* taxation decreased by 8.5% from \$2.3 million for the 9 months ended 30 September 2000 to approximately \$2.1 million for the 9 months ended 30 September 2001.

Our operating profit from ornamental fish for the 9 months ended 30 September 2001 and the 3rd quarter of FY 2001 increased by \$0.1 million or 9.4% and \$0.03 million or 8.7% respectively as compared to the corresponding period in FY 2000. This is attributable to the increased in sales volume and improvement in gross profit margin as we have increased focus on sales of ornamental fish to local retailers and from our in-house retail outlet which commands higher margin.

Although the results from accessories for the 9 months ended 30 September 2001 reduced slightly on a year on year basis, mainly due to higher purchasing costs in the first half of FY 2001, we managed to grow our operating profit from the accessories business by \$0.11 million or 25.7% in the 3rd quarter of FY 2001 as compared to the corresponding period in

FY 2000. The lower operating profit achieved in the first half of FY 2001 also includes operating losses of \$0.16 million incurred by our Thailand subsidiary (dealing with accessories) which could only resumed operations in May 2001 due to regulatory compliances as previously announced.

The reduction in operating profit from our plastics and other business by \$0.15 million or 37% for the 9 months ended 30 September 2001 was the result of increasing operating costs experienced during the 3rd quarter of FY 2001, coupled with losses made by one of our subsidiaries in PRC, which commenced its operations in September 2000.

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 our annual increment and additional headcount in FY 2001.

- 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 end of the period under review to the date of this report which would materially the results of the Group and of the Company for the 9 months ended 30 September 2001.

effect

6. Commentary on current year prospects

In our bid to expand our distribution network, we are in the process of setting up a company in Taiwan to distribute pet food. Our joint venture in Guangzhou, Wan Jiang, began its operations in March 2001 to manufacture our proprietary brands and other third parties' brands of aquarium and pet accessories for sales in our regional subsidiaries. Wan Jiang intends to widen its distribution network to the rest of the world.

We are also in the process of setting up an ornamental fish export center in Thailand which is expected to be in operations by January 2002. We also expect the completion of an Agro-Education Center in our Singapore farm by mid-November 2001.

Our plastic manufacturing business has moved to a bigger facility in May 2001. We will enjoy an increase of 50% in production capacity when fully phased in by FY 2002.

Despite the global economic slowdown especially after the terrorist attacks on 11 September 2001, we believe that the demand for our products has not reduced. We expect our exports and overseas sales will continue to contribute positively to the Group's results for the rest of the year. Coupled with the measures put in place to reduce losses in our overseas subsidiaries, our Directors envisage that our Group's turnover and profit for the 4th quarter of the year to be

better than the 3rd quarter of FY 2001.

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 3rd quarter of FY 2001, no share option was 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 30 September 2001, there were 2,698,000 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.

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

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

As at 30/09/2001 (DD/MM/YYYY)		As at 30/06/2001 (DD/MM/YYYY)	
Secured	Unsecured	Secured	Unsecured
369,249	NIL	336,437	NIL

(b) Amount repayable after one year

As at 30/09/2001 (DD/MM/YYYY)		As at 30/06/2001 (DD/MM/YYYY)	
Secured	Unsecured	Secured	Unsecured
851,623	NIL	821,376	NIL

(c) Any other comments relating to Paragraph 9

NIL

10. Balance Sheet

	Group	Group	Company	Company
	30/9/2001	30/9/2000	30/9/2001	30/9/2000
	\$	\$	\$	\$
Share capital and reserves				
Share capital	8,276,200	7,000,000	8,276,200	7,000,000
Reserves	7,436,024	2,926,313	5,972,263	2,542,576
	15,712,224	9,926,313	14,248,463	9,542,576
Minority interest	-	16,875	-	-
	15,712,224	9,943,188	14,248,463	9,542,576
Fixed assets	7,520,618	6,757,287	5,171,508	5,278,448
Subsidiaries	-	-	2,297,744	1,368,681
Associate	350,054	140,826	327,931	121,771
Trademarks/customer acquisition cost, product listing fees	167,108	227,916	160,301	227,916
Land use rights	218,230	270,027	-	-
Advance for investment	92,280	206,160	92,280	206,160
Current assets				

Stocks	6,135,224	4,342,802	3,176,509	2,376,274
Trade debtors	8,576,958	6,785,606	6,257,163	5,023,424
Other debtors, deposits and prepayments	677,673	899,567	262,178	486,629
Due from				
- subsidiaries (trade)	-	-	2,135,026	1,552,819
- subsidiaries (non-trade)	-	-	385,208	229,153
- associates (trade)	171,647	-	171,647	-
- associates (non-trade)	315,256	-	315,256	-
Fixed deposits	95,541	52,345	21,141	20,888
Cash and bank balances	806,034	1,218,475	427,815	510,194
	16,778,333	13,298,795	13,151,943	10,199,381
Current liabilities				
Trade creditors	3,495,493	3,859,322	2,271,454	2,553,909
Bills payable to bank, secured	1,101,975	834,022	1,101,975	834,022
Other creditors and accruals	2,382,044	2,077,961	1,622,292	1,133,372
Due to				
- subsidiaries (trade)	-	-	15,574	20,510
- directors (non-trade)	193,424	1,237,702	-	669,376
Hire purchase creditors, current portion	169,249	177,867	79,729	71,385
Term loan, current portion	200,000	200,000	200,000	200,000
Provision for taxation	939,286	769,391	802,650	679,000
Bank overdrafts, secured	-	851,949	-	851,949
	8,481,471	10,008,214	6,093,674	7,013,523
Net current assets	8,296,862	3,290,581	7,058,269	3,185,858
Non-current liabilities				

Hire purchase creditors, non-current portion	(400,723)	(269,043)	(336,670)	(173,490)
Term loan, non-current portion	(450,900)	(625,768)	(450,900)	(625,768)
Deferred taxation	(81,305)	(54,798)	(72,000)	(47,000)
	15,712,224	9,943,188	14,248,463	9,542,576

Statement of Changes in Equity (The Group)

Group	Share capital \$	Share premium \$	Revenue reserve \$	Translation reserve \$	Total \$
Balance 1 October 2000	7,000,000	301,852	2,619,281	5,180	9,926,313
Currency translation differences	-	-	-	20,366	20,366
Net profit for the period	-	-	875,757	-	875,757
Issue of new shares	1,275,000	2,550,000	-	-	3,825,000
Share issue expenses	-	(769,965)	-	-	(769,965)
Proposed final dividends	-	-	(312,381)	-	(312,381)
Balance at 31 Dec 2000	8,275,000	2,081,887	3,182,657	25,546	13,565,090
Currency translation differences	-	-	-	96,283	96,283
Net profit for the period	-	-	1,574,317	-	1,574,317
Additional final dividends paid in respect of the previous year due to the issue of shares under the Qian Hu Pre-IPO Share Option Scheme before book closure date	-	-	(45)	-	(45)
Issue of new shares	1,200	1,680	-	-	2,880
Balance at 30 June 2001	8,276,200	2,083,567	4,756,929	121,829	15,238,525
Currency translation differences	-	-	-	(41,603)	(41,603)
Net profit for the period	-	-	515,302	-	515,302
Balance at 30 Sept 2001	8,276,200	2,083,567	5,272,231	80,226	15,712,224

11. Consolidated Cash Flow Statement

	1/1/2001 to 30/9/2001 \$	1/1/2000 to 30/9/2000 \$
Cash flows from operating activities		
Profit before taxation and minority interest	2,699,608	2,992,816
Adjustments for:		
Depreciation of fixed assets	717,028	567,523
Gain on disposal of fixed assets	(35,093)	(12,000)
Gain on disposal of land use rights	(48,703)	-
Amortisation of land use rights	16,546	3,416
Amortisation of trademarks/customer acquisition costs, product listing fees	136,276	98,751
Provision for doubtful trade debts	34,000	87,825
Write back of provision for stock obsolescence	(300,000)	(315,000)
Share of profit of associated company	(27,677)	(25,770)
Interest expense	56,854	125,605
Interest income	(6,684)	(6,377)
Net effect of exchange differences	41,107	6,210
Operating profit before working capital changes	3,283,263	3,522,999
(Increase) decrease in:		
Stocks	(1,033,967)	(1,008,831)
Trade debtors	(2,399,297)	(2,351,574)
Other debtors, deposits and prepayments	205,533	(377,879)
Due from		
- associates (trade)	(171,647)	-
- associates (non-trade)	(315,256)	-
- holding company (non-trade)	-	1,300
- shareholders (non-trade)	-	109,369

Increase (decrease) in:		
Trade creditors	191,387	1,294,962
Bills payable to bank, secured	198,288	516,347
Other creditors and accruals	582,810	388,965
Due to		
- related parties (non-trade)	-	(84,921)
- directors (non-trade)	(299,170)	363,453
Cash generated from operations	241,943	2,374,140
Income tax paid	(768,289)	(368,347)
Interest received	6,684	6,377
Interest paid	(56,854)	(125,605)
Net cash (used in) generated from operating activities	(576,516)	1,886,615
Cash flows from investing activities		
Purchase of fixed assets	(1,135,463)	(764,343)
Proceeds from disposal of fixed assets	201,455	112,322
Advance for investment	(92,280)	(206,160)
Payment for trademarks/customer acquisition cost, product listing fees	(51,468)	(90,000)
Payment for land use rights	(31,937)	-
Net cash used in investing activities	(1,109,693)	(948,181)
Cash flows from financing activities		
Repayment of hire purchase creditors	(189,525)	(170,235)
Repayment of term loan	(144,117)	(149,994)
Net cash inflow from acquisition of partnerships/sole proprietorships	-	16,906
Proceeds from issue of new shares	2,880	-
Payments of dividends	(312,426)	-
Net cash used in financing activities	(643,188)	(303,323)
Net increase (decrease) in cash and cash equivalents	(2,329,397)	635,111

Cash and cash equivalents at beginning of period	3,230,972	(216,240)
Cash and cash equivalents at end of period	901,575	418,871
Cash and cash equivalents comprises :		
Fixed deposits	95,541	52,345
Cash and bank balances	806,034	1,218,475
Bank overdrafts	-	(851,949)
	901,575	418,871

12. Contingent Liabilities

As at 30 September 2001, the Group and the Company have no contingent liabilities.

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
29/10/2001

