

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

Half Year Financial Statement And Dividend 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 six months ended 30 June 2001. These figures have not been audited.

	Group			Company		
	S\$'000		%	S\$'000		%
	Latest half year	Previous half year	Change	Latest half year	Previous half year	Change
1.(a) Turnover	19,866	17,024	16.7	16,167	13,693	18.1
1.(b) Investment income	0	0	0	0	0	0
1.(c) Other income including interest income	6	5	20.0	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	2,466	2,709	(9.0)	2,261	2,253	(0.4)
2.(b)(i) Interest on borrowings	(37)	(82)	(54.9)	(29)	(71)	(59.2)
2.(b)(ii) Depreciation and amortisation	(566)	(430)	31.6	(396)	(345)	14.8
2.(b)(iii) Foreign exchange gain/(loss)	89	(2)	N.M.	40	(1)	N.M.
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	1,952	2,195	(11.1)	1,876	1,836	2.2
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	Group			Company			
	S\$'000		%	S\$'000		%	
	Latest half year	Previous half year	Change	Latest half year	Previous half year	Change	
2.(e)	Income derived from associated companies	15	18	(16.7)	0	0	0
2.(f)	Less income tax	(440)	(450)	(2.2)	(370)	(370)	0
2.(g)(i)	Operating profit after tax before deducting minority interests	1,527	1,763	(13.4)	1,506	1,466	2.7
2.(g)(ii)	Less minority interests	65	11	490.1	0	0	0
2.(h)	Operating profit after tax attributable to members of the company	1,592	1,774	(10.3)	1,506	1,466	2.7
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	1,592	1,774	(10.3)	1,506	1,466	2.7

N.M. -- Not Meaningful

Group Figures

	Latest half year	Previous half year
3.(a) Earnings per share based on 2(h) above :-		
(i) Based on existing issued share capital	1.92 cents	2.53 cents
(ii) On a fully diluted basis	1.91 cents	2.53 cents
3.(b) Earnings per share based on 2(j) above:-		

(i) Based on existing issued share capital	1.92 cents	2.53 cents
(ii) On a fully diluted basis	1.91 cents	2.53 cents
3.(c) Net tangible asset backing per ordinary share	17.76 cents	12.55 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 half year are calculated based on the pre-Placement issued share capital of 70,000,000 shares.

Earnings per share on existing share capital for the latest half year are calculated based on the weighted average number of post-Placement issued share capital of 82,758,000.

Net tangible asset backing per ordinary share for the latest half year is calculated based on the post-Placement issued share capital of 82,758,000.

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

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

Earnings per share on a fully diluted basis for the latest half year is calculated based on the weighted average number of post-Placement shares in issue during the year adjusted to assume conversion of all dilutive potential ordinary shares of 83,386,679.

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

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)**

First Half of FY 2001	Fish \$'000	Accessories \$'000	Others \$'000	Eliminations \$'000	Total \$'000
TURNOVER					
External sales	9,344	7,707	2,815	-	19,866
Inter-segment sales	276	1,544	78	(1,898)	-
Total sales	9,620	9,251	2,893	(1,898)	19,866
RESULTS					
Segment results	1,093	1,079	200	(72)	2,300
Unallocated expenses					(311)
					1,989
Financial expenses				(967)	(37)
Share of profit of associated company					15
Taxation					(440)
Minority interests					65
Net profit for the period					1,592
ASSETS & LIABILITIES					
Assets	10,691	7,884	5,452	-	24,027
Investment in associated company					338
Unallocated assets					292
Total assets					24,657

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Liabilities	3,102	2,645	1,961	-	7,708
Unallocated liabilities					1,692
Total liabilities					9,400
OTHER INFORMATION					
Capital expenditure	220	93	877	-	1,190
Depreciation and amortisation	238	204	124	-	566
Other non-cash expenses (income)	20	(319)	(49)	-	(348)

First Half of FY 2000	Fish \$'000	Accessories \$'000	Others \$'000	Eliminations \$'000	Total \$'000
TURNOVER					
External sales	8,480	6,048	2,496	-	17,024
Inter-segment sales	293	1,377	44	(1,714)	-
Total sales	8,773	7,425	2,540	(1,714)	17,024
RESULTS					
Segment results	997	1,212	206	98	2,513
Unallocated expenses					(236)
					2,277
Financial expenses					(82)
Share of profit of associated company					18
Taxation					(450)
Minority interests					11
Net profit for the period					1,774
ASSETS & LIABILITIES					
Assets	10,445	5,532	3,258	-	19,235

Investment in associated company					133
Unallocated assets					336
Total assets					19,704
Liabilities	3,212	1,756	2,023	-	6,991
Unallocated liabilities					3,273
Total liabilities					10,264
OTHER INFORMATION					
Capital expenditure	1,719	161	209	-	2,089
Depreciation and amortisation	224	155	51	-	430
Other non-cash expenses (income)	65	(315)	-	-	(250)

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

	Turnover \$'000	Turnover \$'000	Assets \$'000	Assets \$'000	Capital expenditure \$'000	Capital expenditure \$'000
	First Half of FY 2001	First Half of FY 2000	First Half of FY 2001	First Half of FY 2000	First Half of FY 2001	First Half of FY 2000
Singapore	11,567	10,395	19,042	15,700	939	1,866
Overseas	8,299	6,629	5,615	4,004	251	223
Total	19,866	17,024	24,657	19,704	1,190	2,089

COMMENTARY

Turnover

For the 6 months ended 30 June 2001, our ornamental fish activities and distribution of accessories continued to be our core activities which together accounted for 85.8% of our total turnover. Geographically, our Singapore market continued to be our main market accounting for 58.2% of our total turnover for the 6 months ended 30 June 2001.

Our turnover increased by \$2.9 million or 16.7% from \$17.0 million for the 6 months ended 30

June 2000 to \$19.9 million for the 6 months ended 30 June 2001. All activities registered growth in turnover. Turnover for ornamental fish, accessories, and plastics and other business increased by \$0.9 million or 10.2%, \$1.7 million or 27.4% and \$0.3 million or 12.8%, respectively as compared to the corresponding period in FY 2000.

The increase in the turnover of ornamental fish is mainly due to our increased focus on sales of ornamental fish to local retailers. In addition, in conjunction with the Agro-Tourism programme of the Singapore Promotion Board, we have set up the House of Dragon Fish in April 2000 for the sale of Dragon Fish and an in-house retail outlet in August 2000 to promote and showcase the higher value ornamental fish.

The increase in the turnover of accessories is as result of the expansion of our customer base, principally in South-east Asia. In addition, we managed to penetrate deeper into the local market by selling our accessories products in supermarkets.

Turnover for plastic and others increased as we managed to expand our distribution channel in Singapore by supplying directly to the end-users instead of solely to wholesalers. 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 11.3% 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 25.2% for the 6 months ended 30 June 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 interest & taxation ("operating profit")

Despite the increase in turnover, our operating profit dipped \$0.3 million or 12.6% to \$2 million for the 6 months ended 30 June 2001 as compared to \$2.3 million for the 6 months ended 30 June 2000. Profit before taxation decreased by 11.1% from \$2.2 million for the 6 months ended 30 June 2000 to approximately \$2.0 million for the 6 months ended 30 June 2001.

The overall reduction in our operating profit in the current period was mainly due to declined gross profit margin from our accessories activities, although the turnover has increased. The lower gross profit was resulted from higher purchase costs and intense competition. Our operating profit for accessories dropped by 11.0% or \$0.1 million, including operating losses of \$0.16 million incurred by our Thailand accessories operations which could only resumed operations in May 2001 due to regulatory compliances as previously announced.

Our operating profit from ornamental fish increased by \$0.1 million or 9.6% as a result of increased sales and improvement in gross profit margin during the current financial period. The increase in gross profit margin was due to our increased focus on sales of ornamental fish to local retailers which commands higher margin and reducing our emphasis in promoting sale of ornamental fish to local exporters which fetches lower margin.

Operating profit from our plastics and other business registered a flat growth notwithstanding the increase in sales. This was the result an increase in operating costs coupled with losses made by one of our subsidiaries in PRC, which commenced its operations in September 2000.

- 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.

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 have affected materially the results of the Group and of the Company for the six months ended 30 June 2001.

6. Commentary on current year prospects

Our Directors expect to see the Group's overseas subsidiaries expanding at a faster rate than its Singapore operations.

In our bid to expand our distribution network, we are in the process of setting up a company in Taiwan to distribute pet food. In addition, our Group's joint venture in Guangzhou, Wan Jiang, began its operations in March 2001 to manufacture our proprietary brands of aquarium and pet accessories. We also intend to manufacture other third parties brand in the near future. Wan Jiang will initially supply to our regional subsidiaries, and intends to widen its distribution network to the rest of the world such as Japan, Germany and United Kingdom.

Our Group also intends to set up ornamental fish farms in Malaysia, Thailand and Guangzhou in the near future.

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.

Coupled with the good local market performance, our exports and overseas sales are expected to contribute positively to the Group in the second half. Our Directors have put in place measures to reduce losses in our overseas subsidiaries and expect most of these subsidiaries to achieve breakeven by the end of the year. Our Directors envisage that our Group's turnover and profit for the second half of the year to be better than the first half 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 six months ended 30 June 2001, 12,000 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 30 June 2001, there were 2,964,000 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 30/06/2001 (DD/MM/YYYY)		As at 31/12/2000 (DD/MM/YYYY)	
Secured	Unsecured	Secured	Unsecured
336,437	NIL	391,525	NIL

(b) Amount repayable after one year

As at 30/06/2001 (DD/MM/YYYY)		As at 31/12/2000 (DD/MM/YYYY)	
Secured	Unsecured	Secured	Unsecured
821,376	NIL	834,813	NIL

(c) Any other comments relating to Paragraph 9

NIL

10. Balance Sheet

	Group	Group	Company	Company
	30/6/2001	30/6/2000	30/6/2001	30/6/2000
	\$	\$	\$	\$
Share capital and reserves				
Share capital	8,276,200	7,000,000	8,276,200	7,000,000
Reserves	6,980,325	2,421,158	5,820,622	1,903,915
	15,256,525	9,421,158	14,096,822	8,903,915
Minority interest	-	18,712	-	-
	15,256,525	9,439,870	14,096,822	8,903,915
Fixed assets	7,490,720	6,683,333	5,166,618	5,303,974
Subsidiaries	-	-	2,297,752	1,010,907
Associates	337,785	133,177	327,931	121,771
Trademarks/customer acquisition cost, product listing fees	214,395	231,071	206,704	231,071
Land use rights	221,179	273,312	-	-
Advance for investment	28,482	206,160	28,482	206,160
Current assets				
Stocks	5,785,156	3,650,860	3,491,058	2,074,803
Trade debtors	7,594,675	6,350,990	5,590,583	4,941,685
Other debtors, deposits and prepayments	790,730	849,962	272,673	330,310
Due from				
- subsidiaries (trade)	-	-	1,865,382	1,252,768
- subsidiaries (non-trade)	-	-	316,994	344,153
- holding company (non-trade)	-	4,255	-	4,255

- associates (non-trade)	104,992	-	104,992	-
Fixed deposits	127,745	52,345	21,141	20,888
Cash and bank balances	1,961,073	1,268,205	1,179,708	615,141
	16,364,371	12,176,617	12,842,531	9,584,003
Current liabilities				
Trade creditors	3,487,748	3,167,989	2,355,178	2,266,572
Bills payable to bank, secured	982,518	679,490	982,518	679,490
Other creditors and accruals	2,492,192	1,563,116	1,504,810	902,159
Due to				
- subsidiaries (trade)	-	-	6,016	6,767
- related parties (non-trade)	-	40,000	-	40,000
- directors (non-trade)	230,181	1,514,958	-	673,631
Hire purchase creditors, current portion	136,437	206,751	77,764	87,802
Term loan, current portion	200,000	200,000	200,000	200,000
Provision for taxation	968,412	667,700	821,090	576,400
Bank overdrafts, secured	-	1,224,894	-	1,224,894
	8,497,488	9,264,898	5,947,376	6,657,715
Net current assets	7,866,883	2,911,719	6,895,155	2,926,288
Non-current liabilities				
Hire purchase creditors, non-current portion	(320,478)	(268,418)	(252,922)	(173,490)
Term loan, non-current portion	(500,898)	(675,766)	(500,898)	(675,766)
Deferred taxation	(81,543)	(54,718)	(72,000)	(47,000)
	15,256,525	9,439,870	14,096,822	8,903,915

Statement of Changes in Equity (The Group)

	Share capital	Share premium	Revenue reserve	Translation reserve	Total
	\$	\$	\$	\$	\$
Balance 1 January 2000	3,650,023	-	1,175,902	(16,542)	4,809,383
Currency translation differences	-	-	-	26,299	26,299
Net profit for the period	-	-	1,774,361	-	1,774,361
Issue of new shares	2,509,263	301,852	-	-	2,811,115
Capitalisation of accumulated profits for bonus issue	840,714	-	(840,714)	-	-
Balance at 30 June 2000	7,000,000	301,852	2,109,549	9,757	9,421,158
Currency translation differences	-	-	-	15,789	15,789
Net profit for the period	-	-	1,385,489	-	1,385,489
Proposed final dividend	-	-	(312,381)	-	(312,381)
Issue of new shares	1,275,000	2,550,000	-	-	3,825,000
Share issue expenses	-	(769,965)	-	-	(769,965)
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	-	-	1,592,317	-	1,592,317
Additional final dividend paid in respect of the previous year due to the issue of shares under the Qian Hu Pre-IPO Share Option Scheme before books 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	4,774,929	121,829	15,256,525

11. Consolidated Cash Flow Statement

The Group	First Half of FY 2001	First Half of FY 2000
	\$	\$
Cash flows from operating activities		

Profit before taxation and minority interest	1,967,530	2,212,595
Adjustments for:		
Bad trade debts written off	-	44,619
Depreciation of fixed assets	455,984	365,919
Profit on disposal of land use rights	(48,703)	-
Profit on disposal of fixed assets	(19,418)	-
Amortisation of land use rights	11,156	-
Amortisation of pre-operating expenses	10,034	-
Amortisation of trademarks/customer acquisition costs, product listing fees	89,227	63,886
Provision for doubtful debts (trade)	20,000	20,000
Write back of provision for stock obsolescence	(300,000)	(315,000)
Share of profit of associated company	(15,338)	(18,121)
Interest expense	37,089	81,622
Interest income	(6,121)	(5,474)
Net effect of exchange differences	42,157	(65,142)
Operating profit before working capital changes	2,243,597	2,384,904
(Increase) decrease in:		
Stocks	(683,899)	(316,889)
Trade debtors	(1,403,014)	(1,893,752)
Other debtors, deposits and prepayments	216,320	(195,086)
Due from		
- holding company (non-trade)	-	(2)
- shareholders (non-trade)	-	109,369
- associates (non-trade)	(104,992)	-
Increase (decrease) in:		
Trade creditors	183,641	525,476
Bills payable to bank, secured	78,831	361,815
Other creditors and accruals	559,079	(190,841)
Due to		
- related parties (non-trade)	-	(44,921)

- directors (non-trade)	(262,413)	640,709
Cash generated from operations	827,150	1,377,829
Income tax paid	(502,105)	(219,002)
Interest received	6,121	5,474
Interest paid	(37,089)	(81,622)
Net cash generated from operating activities	294,077	1,082,679
Cash flows from investing activities		
Purchase of fixed assets	(1,045,750)	(338,849)
Proceeds from disposal of fixed assets	244,991	72,404
Advance for investment	(28,482)	(156,160)
Payment for land use rights	(31,937)	-
Payment for trademarks/customer acquisition cost, product listing fees	(51,705)	(58,290)
Payment of pre-operating costs	-	(55,035)
Net cash used in investing activities	(912,883)	(535,930)
Cash flows from financing activities		
Repayment of hire purchase creditors	(119,683)	(151,763)
Repayment of term loan	(94,119)	(99,996)
Proceeds from issue of new shares	2,880	-
Net cash inflow from acquisition of partnerships/sole proprietorships	-	16,906
Payment of dividend	(312,426)	-
Net cash used in financing activities	(523,348)	(234,853)
Net increase (decrease) in cash and cash equivalents	(1,142,154)	311,896
Cash and cash equivalents at beginning of period	3,230,972	(216,240)
Cash and cash equivalents at end of period	2,088,818	95,656

Cash and Cash equivalents comprises :		
Fixed deposits	127,745	52,345

Cash and bank balances	1,961,073	1,268,205
Bank overdrafts	-	(1,224,894)
	2,088,818	95,656

12. Contingent Liabilities

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

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
 Executive Chairman and Managing Director
 24/07/2001