



**QIAN HU CORPORATION LIMITED**

**UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2003**

1(a) **STATEMENT OF PROFIT AND LOSS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003**

	<b>Group</b>			<b>Group</b>		
	<b>3 months ended 30 Sep</b>		<b>Change</b>	<b>9 months ended 30 Sep</b>		<b>Change</b>
	<b>2003</b>	<b>2002</b>		<b>2003</b>	<b>2002</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Turnover	17,799	17,464	1.9	51,004	45,281	12.6
Cost of sales	(11,208)	(11,378)	(1.5)	(32,235)	(28,953)	11.3
<b>Gross profit</b>	<b>6,591</b>	<b>6,086</b>	<b>8.3</b>	<b>18,769</b>	<b>16,328</b>	<b>14.9</b>
Other operating income	15	10	50.0	75	74	1.4
	<b>6,606</b>	<b>6,096</b>	<b>8.4</b>	<b>18,844</b>	<b>16,402</b>	<b>14.9</b>
Selling & distribution expenses	(435)	(436)	(0.2)	(1,265)	(1,141)	10.9
Personnel expenses	(1,871)	(1,877)	(0.3)	(5,932)	(5,215)	13.7
Exchange gain (loss)	26	(59)	(144.1)	72	(50)	(244.0)
Other general & administration expenses	(1,739)	(1,310)	32.7	(4,843)	(3,852)	25.7
Interest expenses	(82)	(44)	86.4	(183)	(130)	40.8
Interest income	1	3	(66.7)	2	3	(33.3)
	<b>2,506</b>	<b>2,373</b>	<b>5.6</b>	<b>6,695</b>	<b>6,017</b>	<b>11.3</b>
Share of associates results	-	66	(100.0)	-	90	(100.0)
<b>Profit before tax</b>	<b>2,506</b>	<b>2,439</b>	<b>2.7</b>	<b>6,695</b>	<b>6,107</b>	<b>9.6</b>
Taxation	(160)	(559)	(71.4)	(1,030)	(1,334)	(22.8)
<b>Profit after tax</b>	<b>2,346</b>	<b>1,880</b>	<b>24.8</b>	<b>5,665</b>	<b>4,773</b>	<b>18.7</b>
Minority interest	(276)	6	NM	(344)	30	NM
<b>Net profit attributable to Members of the Company</b>	<b>2,070</b>	<b>1,886</b>	<b>9.8</b>	<b>5,321</b>	<b>4,803</b>	<b>10.8</b>
Depreciation & amortisation included in:						
- Cost of sales	46	11		127	30	
- General & administration expenses	476	329		1,138	1,012	
	<b>522</b>	<b>340</b>	<b>53.5</b>	<b>1,265</b>	<b>1,042</b>	<b>21.4</b>
Gross profit margin	37.0%	34.8%		36.8%	36.1%	
Net profit margin	11.6%	10.8%		10.4%	10.6%	



## QIAN HU CORPORATION LIMITED

1(a) **STATEMENT OF PROFIT AND LOSS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003 (cont'd)**

**Explanatory notes:**

**Operating expenses**

The selling & distribution and personnel expenses in the current quarter remained relatively consistent as compared to the corresponding period in 2002.

The increase in other general & administration expenses is in line with the expansion of the Group's operations.

**Taxation**

In July 2003, the Economic Development Board has granted a Development and Expansion Incentive under the International Headquarters (IHQ) Award to the Company. With the incentive, the Company will enjoy a concessionary tax rate of 10% on its qualifying income for a period of 5 years commencing 1 January 2003.

In view of the above, the Company recalculated its tax expenses based on the new concessionary tax rates for the 9 months ended 30 September 2003. The lower tax charge in the 3rd quarter of 2003 was due to an overprovision of tax made in the first half of 2003 (based on statutory tax rates) of approximately \$200K after applying the new tax rates on the respective income categories.



## QIAN HU CORPORATION LIMITED

### 1(b)(i) BALANCE SHEETS

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2003</b>	<b>31 Dec 2002</b>	<b>30 Sep 2003</b>	<b>31 Dec 2002</b>
	\$	\$	\$	\$
<b>Share capital and reserves</b>				
Share capital	10,605,547	10,297,070	10,605,547	10,297,070
Reserves	24,375,282	17,580,344	19,774,606	14,525,186
	<b>34,980,829</b>	<b>27,877,414</b>	<b>30,380,153</b>	<b>24,822,256</b>
Minority interests	3,835,923	348,564	-	-
	<b>38,816,752</b>	<b>28,225,978</b>	<b>30,380,153</b>	<b>24,822,256</b>
<b>Fixed assets</b>				
Biological assets	13,008,278	7,818,045	4,268,145	4,468,406
Subsidiaries	7,451,129	1,371,930	1,350,038	1,371,930
Associates	-	-	8,559,529	2,679,640
Quoted equity investments, at cost	44,620	-	28,722	28,722
Trademarks/customer acquisition costs, product listing fees	3,795	3,820	-	-
Land use rights	66,533	87,913	57,546	74,193
	91,174	212,653	-	-
<b>Current assets</b>				
Stocks	14,778,946	12,876,214	5,483,748	4,438,586
Trade debtors	13,735,200	12,351,805	7,211,624	7,087,826
Other debtors, deposits and prepayments	1,040,786	786,805	203,440	201,108
Due from				
- subsidiaries (trade)	-	-	7,477,682	7,181,985
- subsidiaries (non-trade)	-	-	1,679,975	1,927,720
- associates (trade)	560,182	406,452	560,182	406,452
Fixed deposits	101,116	101,116	22,568	22,568
Cash and bank balances	3,787,573	7,719,571	2,574,082	6,251,412
	<b>34,003,803</b>	<b>34,241,963</b>	<b>25,213,301</b>	<b>27,517,657</b>
<b>Current liabilities</b>				
Trade creditors	5,772,788	5,809,629	3,328,846	3,328,248
Bills payable to bank	1,674,235	3,204,880	1,674,235	3,204,880
Other creditors and accruals	2,807,510	3,218,628	2,215,890	2,435,455
Due to				
- minority shareholders (non-trade)	1,471,431	-	-	-
- subsidiaries (trade)	-	-	71,932	84,104
Hire purchase creditors, current portion	339,338	357,549	188,061	163,635
Bank term loans (unsecured)	449,711	-	-	-
Provision for taxation	1,182,758	1,854,013	966,360	1,330,990
Bank overdrafts (unsecured)	112,819	-	-	-
	<b>13,810,590</b>	<b>14,444,699</b>	<b>8,445,324</b>	<b>10,547,312</b>
<b>Net current assets</b>	20,193,213	19,797,264	16,767,977	16,970,345
<b>Non-current liabilities</b>				
Bank term loans (unsecured)	985,436	-	-	-
Hire purchase creditors, non-current portion	700,414	709,180	393,804	512,980
Deferred taxation	356,140	356,467	258,000	258,000
	<b>38,816,752</b>	<b>28,225,978</b>	<b>30,380,153</b>	<b>24,822,256</b>



## QIAN HU CORPORATION LIMITED

### 1(b)(i) BALANCE SHEETS (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2003</b>	<b>31 Dec 2002</b>	<b>30 Sep 2003</b>	<b>31 Dec 2002</b>
Stock turnover (days)	97	88	42	42
Trade debtors turnover (days)	65	62	45	46
Debt Equity Ratio	0.45	0.56	0.30	0.46

### **Explanatory notes:**

(1) The details of subsidiaries as at 30 September 2003 are as follows :

<b>Name</b>	<b>Effective equity interest held by the Group</b>		<b>Cost of investment by the Company</b>	
	<b>30 Sep 2003</b>	<b>31 Dec 2002</b>	<b>30 Sep 2003</b>	<b>31 Dec 2002</b>
	<b>%</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
Qian Hu Tat Leng Plastic Pte Ltd (Singapore)	100	100	57,050	57,050
Jiang Nan Holdings Pte. Ltd. (Singapore)	100	100	2	2
Guan Guan Aquarium Sdn Bhd (Malaysia)	100	100	150,451	150,451
Kim Kang Aquaculture Sdn Bhd (Malaysia)	65	-	5,879,889	-
Fujian Anxi Qianlong Plastics Private Co., Ltd (People's Republic of China)	100	100	1,750,444	1,750,444
Beijing Qianyang Aquarium Co., Ltd (People's Republic of China)	100	100	171,824	171,824
Guangzhou Wan Jiang Technology Co., Ltd (People's Republic of China)	60	60	249,054	249,054
Qian Hu Marketing Co Ltd (Thailand)	74	74	148,262	148,262
Thai Qian Hu Company Limited (Thailand)	60	60	121,554	121,554
NNTL (Thailand) Limited (Thailand)	49 *	49 *	30,999	30,999
			<b>8,559,529</b>	<b>2,679,640</b>

\* The Company has voting control at general meetings & Board meetings of NNTL (Thailand) Limited.

- (2) The increase in associates amount relates to cost of investment in a newly incorporated 49% owned associated company, PLC Pet Safari (Kuala Lumpur) Sdn Bhd.
- (3) The decrease in land use rights is mainly due to the disposal of land use rights held by one of our subsidiaries in PRC to a third party. Profit from disposal of land use rights amounted to \$9,090.



## QIAN HU CORPORATION LIMITED

### 1(b)(i) BALANCE SHEETS (cont'd)

#### **Explanatory notes:**

- (4) With the acquisition of Kim Kang Aquaculture Sdn Bhd completed in July 2003, the following assets and liabilities were included in the balance sheet as at 30 September 2003 which contributed to the increase in: -

	<b>\$'000</b>
Fixed assets	5,647
Biological assets	6,101
Stocks	633
Trade debtors	782
Trade creditors	339
Due to minority shareholders	1,471
Bank term loan	1,192
Bank overdrafts	113

- (5) The decrease in cash and bank balances as at 30 September 2003 mainly arises from cash payment made for the acquisition of Kim Kang Aquaculture Sdn Bhd in July 2003 amounted to \$2.9 million and the payment of final dividend for FY 2002 of approximately \$1.0 million. (Please refer to cash flow statements on pages 6 to 8 for further details)
- (6) The decrease in bills payable was due to the Group's deliberate effort to retire bills payable to bank earlier than its tenure as and when surplus funds are available in order to reduce financing costs.

### 1(b)(ii) GROUP BORROWINGS

	<b>As at 30 Sep 2003 \$</b>	<b>As at 31 Dec 2002 \$</b>
<b>Amount repayable within one year</b>		
Secured	-	-
Unsecured	901,868	357,549
	<u>901,868</u>	<u>357,549</u>
<b>Amount repayable after one year</b>		
Secured	-	-
Unsecured	1,685,850	709,180
	<u>1,685,850</u>	<u>709,180</u>

#### **Explanatory notes:**

- (i) Included in unsecured bank term loans are :
- A short term bank loan of \$245,000, bears interest at 5.3% per annum and is repayable on 15 June 2004
  - An 8-year term loan of \$1.2 million, bears interest at 7.9% per annum and is repayable in 96 monthly instalments commencing July 2003
- (ii) As at 30 September 2003, there were guarantees amounting to \$2.1 million (31/12/2002: Nil) given by the Company to banks for banking facilities extended to 2 subsidiaries.



## QIAN HU CORPORATION LIMITED

### 1(c) CASH FLOW STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003

	Group		Group	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Profit before taxation and minority interest	2,505,330	2,438,968	6,694,526	6,107,134
Adjustments for:				
Depreciation of fixed assets	512,127	330,490	1,231,742	944,754
Profit on disposal of fixed assets	(6,038)	(10,333)	(11,882)	(40,333)
Profit on disposal of land use rights	-	-	(9,090)	-
Fixed assets written off	87	-	4,381	-
Amortisation of				
- land use rights	486	1,046	1,488	5,407
- trademarks/customer acquisition costs, product listing fees	9,558	8,679	31,973	92,302
Provision for doubtful trade debts	66,840	60,000	229,550	199,589
Share of profit of associates	-	(65,528)	-	(89,624)
Interest expense	81,506	44,310	182,806	130,408
Interest income	(111)	(3,012)	(1,724)	(3,012)
Net effect of exchange differences	80,019	(68,512)	22,535	(39,167)
<b>Operating profit before working capital changes</b>	<b>3,249,804</b>	<b>2,736,108</b>	<b>8,376,305</b>	<b>7,307,458</b>
(Increase) decrease in:				
Stocks	(855,381)	(1,032,614)	(1,439,621)	(2,228,089)
Trade debtors	(570,549)	(624,314)	(1,301,022)	(2,422,420)
Other debtors, deposits and prepayments	70,799	168,087	(239,999)	138,587
Due from				
- associates (trade)	(12,829)	(539,677)	(153,730)	(1,039,492)
- associates (non-trade)	-	(6,960)	-	(152,145)
Increase (decrease) in:				
Trade creditors	184,595	458,582	(872,749)	1,392,513
Bills payable to bank	(961,940)	153,642	(1,530,645)	392,095
Other creditors and accruals	114,794	238,742	(537,174)	730,222
Due to directors (non-trade)	-	(1,653)	-	(2,309)
<b>Cash generated from operations</b>	<b>1,219,293</b>	<b>1,549,943</b>	<b>2,301,365</b>	<b>4,116,420</b>
Payment of income tax	(678,428)	(387,534)	(1,701,582)	(829,656)
Interest paid	(81,506)	(44,310)	(182,806)	(130,408)
<b>Net cash generated from operating activities</b>	<b>459,359</b>	<b>1,118,099</b>	<b>416,977</b>	<b>3,156,356</b>
<b>Cash flows from investing activities</b>				
Purchase of fixed assets	(337,165)	(127,408)	(1,002,255)	(1,089,280)
Proceeds from disposal of				
- fixed assets	56,270	11,000	313,553	41,000
- land use rights	-	-	127,200	-
Investment in associate	(44,620)	-	(44,620)	-
Acquisition of subsidiary (Note A)	(2,459,318)	-	(2,959,318)	-
Payment for trademarks/customer acquisition costs, product listing fees	(6,342)	(68,399)	(10,683)	(78,019)
<b>Net cash used in investing activities</b>	<b>(2,791,175)</b>	<b>(184,807)</b>	<b>(3,576,123)</b>	<b>(1,126,299)</b>



**QIAN HU CORPORATION LIMITED**

1(c) **CASH FLOW STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003 (cont'd)**

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>	<u>2002</u>	<u>9 months ended 30 Sep</u>	<u>2002</u>
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>Cash flows from financing activities</b>				
Proceeds from issue of new shares (net)	10,080	6,720	38,640	4,463,888
Proceeds from bank term loans	1,189,227	-	1,435,147	-
Repayment of				
- hire purchase creditors	(152,544)	(83,187)	(359,224)	(243,869)
- term loan	-	(50,535)	-	(150,531)
- loan from minority shareholders	(1,037,338)	-	(1,037,338)	-
Payment of dividend	-	-	(964,620)	(376,860)
Interest received	111	3,012	1,724	3,012
<b>Net cash generated from (used in) financing activities</b>	<u>9,536</u>	<u>(123,990)</u>	<u>(885,671)</u>	<u>3,695,640</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,322,280)	809,302	(4,044,817)	5,725,697
<b>Cash and cash equivalents at beginning of period</b>	6,098,150	6,251,521	7,820,687	1,335,126
<b>Cash and cash equivalents at end of period</b>	<u>3,775,870</u>	<u>7,060,823</u>	<u>3,775,870</u>	<u>7,060,823</u>
<b>Cash and cash equivalents comprise:</b>				
Fixed deposits	101,116	1,097,839	101,116	1,097,839
Cash and bank balances	3,787,573	5,962,984	3,787,573	5,962,984
Bank overdrafts	(112,819)	-	(112,819)	-
<b>Cash and cash equivalents at end of period</b>	<u>3,775,870</u>	<u>7,060,823</u>	<u>3,775,870</u>	<u>7,060,823</u>

**Note A: Acquisition of subsidiary**

	\$
Fixed assets	5,486,229
Biological assets	6,172,265
Stocks	463,111
Trade debtors	311,923
Other debtors, deposits and prepayments	13,982
Cash and bank balances	113,753
Trade creditors	(835,908)
Other creditors and accruals	(126,056)
Hire purchase creditors	(44,547)
Due to minority shareholders	(2,508,769)
Net assets acquired	<u>9,045,983</u>
Less:	
Minority interests	(3,166,094)
Total purchase consideration	<u>5,879,889</u>
Less:	
Cash and bank balances	(113,753)
Consideration paid by issuance of new shares (2,923,769 ordinary shares @ \$0.96 each)	(2,806,818)
Net cash flow from acquisition of subsidiary	<u>2,959,318</u>



## QIAN HU CORPORATION LIMITED

1(c) **CASH FLOW STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003 (cont'd)**

**Explanatory notes:**

The Group's **net cash generated from operating activities** was lower for both 9 months ended 30 September 2003 as well as on a quarter-to-quarter basis mainly due to:

- re-investment of funds into stocks and trade debtors balances for our overseas operations' expansion.
- our deliberate effort to retire bills payable to bank earlier than its tenure as and when surplus funds are available in order to reduce financing costs
- higher amount of income tax paid in 2003 due to higher profit recorded for the financial year ended 31 December 2002

The **net cash used in investing activities** relate to cash payment made for the acquisition of Kim Kang Aquaculture Sdn Bhd of approximately \$2.9 million in July 2003 (including an advance of \$0.5 million paid in June 2003) as well as capital expenditure incurred for infrastructure and farm facilities in both the Singapore and overseas entities.

Following the acquisition of Kim Kang Aquaculture Sdn Bhd, an 8-year term loan was taken up to partially repay loan due to its minority shareholders. In addition, the payment of final dividend of approximately \$1.0 million in April 2003 has resulted in **net cash used in financing activities**.





## QIAN HU CORPORATION LIMITED

### 1(d)(i) STATEMENT OF CHANGES IN EQUITY

<b>Group</b>	<b>Share capital</b> \$	<b>Share premium</b> \$	<b>Revenue reserve</b> \$	<b>Translation reserve</b> \$	<b>Total</b> \$
<b>Balance at 1 Jan 2002</b>	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)	-	-	-
<b>Balance at 31 Mar 2002</b>	<b>9,143,970</b>	<b>1,303,397</b>	<b>7,650,690</b>	<b>139,300</b>	<b>18,237,357</b>
Currency translation differences	-	-	-	(70,985)	(70,985)
Net profit for the period	-	-	1,873,464	-	1,873,464
Payment of final dividend	-	-	(376,860)	-	(376,860)
Issue of new shares	1,071,800	3,600,520	-	-	4,672,320
Share issue expenses	-	(302,753)	-	-	(302,753)
<b>Balance at 30 Jun 2002</b>	<b>10,215,770</b>	<b>4,601,164</b>	<b>9,147,294</b>	<b>68,315</b>	<b>24,032,543</b>
Currency translation differences	-	-	-	33,004	33,004
Net profit for the period	-	-	1,885,557	-	1,885,557
Issue of new shares	2,800	3,920	-	-	6,720
<b>Balance at 30 Sep 2002</b>	<b>10,218,570</b>	<b>4,605,084</b>	<b>11,032,851</b>	<b>101,319</b>	<b>25,957,824</b>
Currency translation differences	-	-	-	(13,561)	(13,561)
Net profit for the period	-	-	1,744,751	-	1,744,751
Issue of new shares	78,500	109,900	-	-	188,400
<b>Balance at 31 Dec 2002</b>	<b>10,297,070</b>	<b>4,714,984</b>	<b>12,777,602</b>	<b>87,758</b>	<b>27,877,414</b>
Currency translation differences	-	-	-	(9,183)	(9,183)
Net profit for the period	-	-	1,308,516	-	1,308,516
Issue of new shares	8,700	12,180	-	-	20,880
<b>Balance at 31 Mar 2003</b>	<b>10,305,770</b>	<b>4,727,164</b>	<b>14,086,118</b>	<b>78,575</b>	<b>29,197,627</b>
Currency translation differences	-	-	-	(12,942)	(12,942)
Net profit for the period	-	-	1,941,893	-	1,941,893
Payment of final dividend	-	-	(964,620)	-	(964,620)
Issue of new shares	3,200	4,480	-	-	7,680
<b>Balance at 30 Jun 2003</b>	<b>10,308,970</b>	<b>4,731,644</b>	<b>15,063,391</b>	<b>65,633</b>	<b>30,169,638</b>
Currency translation differences	-	-	-	(76,140)	(76,140)
Net profit for the period	-	-	2,070,433	-	2,070,433
Issue of new shares	296,577	2,520,321	-	-	2,816,898
<b>Balance at 30 Sep 2003</b>	<b>10,605,547</b>	<b>7,251,965</b>	<b>17,133,824</b>	<b>(10,507)</b>	<b>34,980,829</b>



## QIAN HU CORPORATION LIMITED

### 1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

Company	Share capital \$	Share premium \$	Revenue reserve \$	Total \$
<b>Balance at 1 Jan 2002</b>	8,276,200	2,083,567	5,381,485	15,741,252
Net profit for the period	-	-	916,775	916,775
Issue of new shares	36,500	51,100	-	87,600
Capitalisation of share premium for bonus shares	831,270	(831,270)	-	-
<b>Balance at 31 Mar 2002</b>	9,143,970	1,303,397	6,298,260	16,745,627
Net profit for the period	-	-	1,314,552	1,314,552
Payment of final dividend	-	-	(376,860)	(376,860)
Issue of new shares	1,071,800	3,600,520	-	4,672,320
Share issue expenses	-	(302,753)	-	(302,753)
<b>Balance at 30 Jun 2002</b>	10,215,770	4,601,164	7,235,952	22,052,886
Net profit for the period	-	-	1,214,778	1,214,778
Issue of new shares	2,800	3,920	-	6,720
<b>Balance at 30 Sep 2002</b>	10,218,570	4,605,084	8,450,730	23,274,384
Net profit for the period	-	-	1,359,472	1,359,472
Issue of new shares	78,500	109,900	-	188,400
<b>Balance at 31 Dec 2002</b>	10,297,070	4,714,984	9,810,202	24,822,256
Net profit for the period	-	-	848,909	848,909
Issue of new shares	8,700	12,180	-	20,880
<b>Balance at 31 Mar 2003</b>	10,305,770	4,727,164	10,659,111	25,692,045
Net profit for the period	-	-	1,378,397	1,378,397
Payment of final dividend	-	-	(964,620)	(964,620)
Issue of new shares	3,200	4,480	-	7,680
<b>Balance at 30 Jun 2003</b>	10,308,970	4,731,644	11,072,888	26,113,502
Net profit for the period	-	-	1,449,753	1,449,753
Issue of new shares	296,577	2,520,321	-	2,816,898
<b>Balance at 30 Sep 2003</b>	10,605,547	7,251,965	12,522,641	30,380,153

### 1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL

	Number of shares	\$
<b>Share capital</b>		
<b>- ordinary shares of \$0.10 each</b>		
<b>Issued and fully paid</b>		
Balance as at 1 Jan 2003	102,970,700	10,297,070
Issue of new shares		
- Exercise of employees' share options	161,000	16,100
- Consideration for acquisition of subsidiary	2,923,769	292,377
Balance as at 30 Sep 2003	106,055,469	10,605,547



## QIAN HU CORPORATION LIMITED

### 1(d)(ii) **CHANGES IN COMPANY'S SHARE CAPITAL (cont'd)**

During the third quarter of 2003, 42,000 share options were exercised at \$0.24 per share pursuant to the terms of the Qian Hu Pre-IPO Share Option Scheme ("Pre-IPO Scheme"). As at 30 September 2003, there were 441,000 (30/9/2002 : 1,399,000) unexercised share options issued pursuant to the terms of the Pre-IPO Scheme.

In addition, there were options granted to subscribe for 1,547,000 (30/9/2002 : 1,620,000) unissued ordinary shares of \$0.10 each in the Company at an exercise price of \$0.59 per share pursuant to the terms of the Qian Hu Post-IPO Share Option Scheme ("Post-IPO Scheme"). As at 30 September 2003, none of these share options were exercised pursuant to the terms of the Post-IPO Scheme.

With the completion of the acquisition of Kim Kang Aquaculture Sdn Bhd in July 2003, the Company issued 2,923,769 new ordinary shares to the vendors as partial consideration for a 65% equity stake in that company. The new shares rank pari passu in all respect with the existing shares of the Company.

### 2 **AUDIT**

The figures have not been audited or reviewed by the Company's auditors.

### 3 **AUDITORS' REPORT**

Not applicable

### 4 **ACCOUNTING POLICIES**

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2002.

### 5 **CHANGES IN ACCOUNTING POLICIES**

Not applicable



## QIAN HU CORPORATION LIMITED

### 6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>	<u>2002</u>	<u>9 months ended 30 Sep</u>	<u>2002</u>
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
EPS (based on consolidated net profit attributable to shareholders)				
- on weighted average number of ordinary shares on issue	1.99 cents	1.94 cents	5.12 cents	4.94 cents
- on a fully diluted basis	1.98 cents	1.92 cents	5.09 cents	4.90 cents

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 103,873,099 (30/9/2002 : 97,176,121).

Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period adjusted to assume conversion of all potential dilutive ordinary shares of 104,510,549 (30/9/2002 : 98,096,210).

### 7 NET ASSET VALUE

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2003</u>	<u>31 Dec 2002</u>	<u>30 Sep 2003</u>	<u>31 Dec 2002</u>
Net asset value per share based on existing issued share capital as at the respective period	36.60 cents	27.41 cents	28.65 cents	24.11 cents

### 8 REVIEW OF GROUP PERFORMANCE

#### (a) Turnover

#### 9 months 2003 vs 9 months 2002

	<u>Group</u>		<u>Increase</u>	
	<u>9 months ended 30 Sep</u>	<u>2002</u>	<u>(Decrease)</u>	
	<u>2003</u>	<u>2002</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	20,676	18,329	2,347	12.8
Accessories	25,416	21,984	3,432	15.6
Plastics	4,912	4,968	(56)	(1.1)
	<u>51,004</u>	<u>45,281</u>	<u>5,723</u>	

For the 9 months ended 30 September 2003, our ornamental fish and accessories activities continued to be our core activities, which together accounted for 90% of our total turnover. Our turnover increased by \$5.7 million or 12.6% from \$45.3 million for the 9 months ended 30 September 2002 to \$51.0 million for the 9 months ended 30 September 2003.

On a geographical basis, turnover from Singapore dipped by 8.4% mainly as a result of decrease in sales of aquarium accessories to local retailers. Turnover from overseas grew by 38.8% this quarter as compared to the corresponding period in 2002. Both the Singapore and overseas operations' constant effort in expanding our distribution network into overseas untapped markets contributed to the increase in overseas turnover.



## QIAN HU CORPORATION LIMITED

### 8 REVIEW OF GROUP PERFORMANCE (cont'd)

#### (a) **Turnover**

##### 3Q 2003 vs 3Q 2002

	<u>Group</u>		<u>Increase</u>	
	<u>3Q</u>	<u>3Q</u>	<u>(Decrease)</u>	
	<u>2003</u>	<u>2002</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	7,602	6,339	1,263	19.9
Accessories	8,541	9,424	(883)	(9.4)
Plastics	1,656	1,701	(45)	(2.6)
	<u>17,799</u>	<u>17,464</u>	<u>335</u>	

Our turnover increased marginally by approximately \$0.3 million or 1.9% from \$17.5 million for the quarter ended 30 September 2002 to \$17.8 million for the quarter ended 30 September 2003. Turnover for ornamental fish increased by \$1.3 million or 19.9% while accessories and plastics activities registered a reduction of \$0.9 million or 9.4% and \$45,000 or 2.6% respectively in the 3rd quarter of 2003 as compared to its corresponding period in 2002.

With the acquisition of Kim Kang Aquaculture Sdn Bhd (a Dragon Fish farm in Malaysia) completed in July 2003, the new entity managed to contribute approximately 15% of our ornamental fish turnover in the 3rd quarter of 2003. In addition, our subsidiary in Thailand (dealing with fish) and the fish division in Malaysia, both commenced their operations in the 1st quarter of 2002, is now fully operational and well established and thus, able to achieve higher turnover in 2003.

Our conscientious effort to increase our accessories export from Singapore to more countries has accounted for the increase in sales of accessories this quarter as compared to its corresponding period in 2002. In addition, as Guangzhou Wan Jiang became our subsidiary only in the 4th quarter of 2002, its sales recorded during the 3rd quarter of 2003 has constituted to the increase in accessories turnover. However, the above-mentioned increase was offset by lower turnover from the domestic market due to a drop in local demand for accessories products.

Our turnover for plastics recorded a flat growth in the 3rd quarter of 2003 due to local market competitiveness. We continue to focus on generating sales through selling more high-yielded items and expanding our distribution channel to outside Singapore.



## QIAN HU CORPORATION LIMITED

### 8 REVIEW OF GROUP PERFORMANCE (cont'd)

#### (a) **Turnover**

##### 3Q 2003 vs 2Q 2003

	<u>Group</u>		<b>Increase (Decrease)</b>	
	<b>3Q 2003</b>	<b>2Q 2003</b>		
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	7,602	6,767	835	12.3
Accessories	8,541	8,871	(330)	(3.7)
Plastics	1,656	1,625	31	1.9
	<u>17,799</u>	<u>17,263</u>	<u>536</u>	

Our turnover for the 3rd quarter of 2003 was \$0.5 million or 3.1% higher than the 2nd quarter of 2003 arising mainly from the improvement in ornamental fish activities.

Ornamental fish turnover was \$0.8 million or 12.3% higher in the 3rd quarter of 2003 as compared to the 2nd quarter of 2003 largely due to turnover contributions from Kim Kang Aquaculture Sdn Bhd, acquired in July 2003. The increase, however, was partially offset by the lower sales of other ornamental fish recorded by our Malaysia fish division during this quarter.

Notwithstanding the increase in sales contributions from the market share gained in our China and Thailand accessories operations, the reduction in accessories turnover by \$0.3 million or 3.7% in the 3rd quarter of 2003 as compared to 2nd quarter of 2003 was mainly due to lower demand for accessories products both locally and in Malaysia during this quarter.

Our plastics turnover recorded in the current quarter was comparable to that of the previous quarter.

#### (b) **Profitability**

##### 9 months 2003 vs 9 months 2002

	<u>Group</u>		<b>Increase (Decrease)</b>	
	<b>9 months ended 30 Sep</b>			
	<b>2003</b>	<b>2002</b>	<b>\$'000</b>	<b>%</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	3,428	2,018	1,410	69.9
Accessories	4,023	4,867	(844)	(17.3)
Plastics	225	185	40	21.6
Unallocated corporate expenses	(981)	(963)	(18)	(1.9)
	<u>6,695</u>	<u>6,107</u>	<u>588</u>	

Our operating profit increased by \$0.6 million or 9.6% to \$6.7 million for the 9 months ended 30 September 2003 as compared to \$6.1 million for the 9 months ended 30 September 2002. Our accessories business remained the main profit contributor in the first nine months of 2003.



## QIAN HU CORPORATION LIMITED

### 8 REVIEW OF GROUP PERFORMANCE (cont'd)

#### (b) Profitability

##### 3Q 2003 vs 3Q 2002

	Group		Increase (Decrease)	
	3Q 2003 \$'000	3Q 2002 \$'000	\$'000	%
Fish	1,472	380	1,092	287.4
Accessories	1,278	2,315	(1,037)	(44.8)
Plastics	33	27	6	22.2
Unallocated corporate expenses	(277)	(283)	6	2.1
	<u>2,506</u>	<u>2,439</u>	<u>67</u>	

During the 3rd quarter of 2003, our operating profit from the ornamental fish activities was \$1.1 million higher than that achieved in the 3rd quarter of 2002, mainly due to the increase in the sales of own-bred Dragon Fish from both our Singapore and Malaysia farms, which yielded a higher gross profit margin as compared to the sales mix in its corresponding period in 2002. Our newly acquired Dragon Fish farm in Malaysia contributed approximately 50% of the increase in profit in the current quarter.

However, our operating profit from the accessories business dipped in the 3rd quarter of 2003 by \$1.0 million or 44.8% as a result of lower turnover recorded coupled with a slight reduction in gross profit margin yielded on a quarter-to-quarter basis from both our local and overseas operations due to keen competition.

Operating profit from the plastics business registered consistent profitability for both periods.

The amount of unallocated corporate expenses, which relate to staff costs and administrative expenses incurred in relation to the overseeing of the Group's operations both locally and overseas, remained relatively stable for both periods.



## QIAN HU CORPORATION LIMITED

### 8 REVIEW OF GROUP PERFORMANCE (cont'd)

#### (b) **Profitability**

##### 3Q 2003 vs 2Q 2003

	<u>Group</u>		<u>Increase</u>	
	<u>3Q</u>	<u>2Q</u>	<u>(Decrease)</u>	
	<u>2003</u>	<u>2003</u>	<u>\$'000</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		
Fish	1,472	1,339	133	9.9
Accessories	1,278	1,334	(56)	(4.2)
Plastics	33	132	(99)	(75.0)
Unallocated corporate expenses	(277)	(316)	39	12.3
	<u>2,506</u>	<u>2,489</u>	<u>17</u>	

Our overall operating profit achieved in the 3rd quarter of 2003 was consistent with that of the 2nd quarter of 2003. The better performance from the ornamental fish activities was offset by the reduction in profitability in both the accessories and plastics activities.

Operating profit from our ornamental fish business continue to increase by \$0.1 million or 9.9% in the 3rd quarter of 2003 mainly due to profit contributions from the newly acquired Kim Kang Aquaculture Sdn Bhd. The increase, however, was partially offset by the lower profit recorded by our Malaysia fish division due to lower sales recorded for other ornamental fish during this quarter.

Despite the reduction in turnover during the 3rd quarter of 2003, the profitability from our accessories business remained relatively resilient as compared to that of the 2nd quarter of 2003 due to an improvement in gross profit margin registered in the current quarter.

Whileas the turnover from the plastics activities in the current quarter remained consistent as compared to the previous quarter, the reduction in its operating profit was due to higher raw material prices and intense competition, which eroded its profit margins in the current quarter.

### 9 VARIANCE FROM PROSPECT STATEMENT

Not applicable

### 10 PROSPECTS

We expect our Group to maintain a healthy growth in turnover and overall profitability for the next quarter with bulk of our growth to be from our overseas operations in the PRC, Malaysia and Thailand, as our regional distribution networks are now fully operational and well established.

The factors affecting our Group, which we have previously announced in the last quarter's results will continue to apply in the next quarter. Looking at our results for the last three quarters of 2003, we are confident that the Group will remain on track in achieving an increase in turnover and profit for the entire FY 2003.

### 11 DIVIDEND

No interim dividend for the period ended 30 September 2003 is recommended.





**QIAN HU CORPORATION LIMITED**

12 **BUSINESS SEGMENTAL INFORMATION**

(i) **Business Segments**

<b>Group</b>	<b>9 months ended 30 Sep 2003</b>				<b>Total</b> \$'000
	<b>Fish</b> \$'000	<b>Accessories</b> \$'000	<b>Plastics</b> \$'000	<b>Eliminations</b> \$'000	
<b>Turnover</b>					
External sales	20,676	25,416	4,912	-	51,004
Inter-segment sales	1,896	8,872	889	(11,657)	-
<b>Total sales</b>	<b>22,572</b>	<b>34,288</b>	<b>5,801</b>	<b>(11,657)</b>	<b>51,004</b>
<b>Results</b>					
Segment results	3,474	4,155	231	25	7,885
Unallocated expenses					(1,009)
					6,876
Financial expenses - net					(181)
Share of profit of associates					-
Taxation					(1,030)
Minority interests					(344)
<b>Net profit for the period</b>					<b>5,321</b>
<b>Net profit margin</b>	<b>16.8%</b>	<b>16.3%</b>	<b>4.7%</b>		<b>10.4%</b>
<b>Assets and liabilities</b>					
Assets	26,183	23,593	4,552	-	54,328
Investment in associates					45
Unallocated assets					296
<b>Total assets</b>					<b>54,669</b>
Liabilities	7,158	5,987	1,070	-	14,215
Unallocated liabilities					1,638
<b>Total liabilities</b>					<b>15,853</b>
<b>Other Information</b>					
Capital expenditure	525	635	130	-	1,290
Depreciation and amortisation	599	427	239	-	1,265
Other non-cash expenses (income)	(25)	221	17	-	213



**QIAN HU CORPORATION LIMITED**

12 **BUSINESS SEGMENTAL INFORMATION (cont'd)**

(i) **Business Segments**

<b>Group</b>	<b>9 months ended 30 Sep 2002</b>				<b>Total</b> \$'000
	<b>Fish</b> \$'000	<b>Accessories</b> \$'000	<b>Plastics</b> \$'000	<b>Eliminations</b> \$'000	
<b>Turnover</b>					
External sales	18,329	21,984	4,968	-	45,281
Inter-segment sales	1,125	7,327	947	(9,399)	-
<b>Total sales</b>	<b>19,454</b>	<b>29,311</b>	<b>5,915</b>	<b>(9,399)</b>	<b>45,281</b>
<b>Results</b>					
Segment results	2,029	4,849	190	(60)	7,008
Unallocated expenses					(864)
					6,144
Financial expenses - net					(127)
Share of profit of associates					90
Taxation					(1,334)
Minority interests					30
<b>Net profit for the period</b>					<b>4,803</b>
<b>Net profit margin</b>	<b>11.1%</b>	<b>22.1%</b>	<b>3.8%</b>		<b>10.6%</b>
<b>Assets and liabilities</b>					
Assets	13,690	17,164	5,375	-	36,229
Investment in associates					433
Unallocated assets					2,347
<b>Total assets</b>					<b>39,009</b>
Liabilities	3,861	5,732	1,331	-	10,924
Unallocated liabilities					2,096
<b>Total liabilities</b>					<b>13,020</b>
<b>Other Information</b>					
Capital expenditure	910	624	182	-	1,716
Depreciation and amortisation	475	333	234	-	1,042
Other non-cash expenses (income)	200	(10)	(30)	-	160



## QIAN HU CORPORATION LIMITED

### 12 BUSINESS SEGMENTAL INFORMATION (cont'd)

#### (ii) **Geographical Segments**

Group	Turnover		Assets		Capital expenditure	
	9 months ended 30 Sep		9 months ended 30 Sep		9 months ended 30 Sep	
	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	23,006	25,105	26,813	28,944	474	1,029
Other asian countries	20,138	14,121	27,856	10,065	816	687
Europe	5,784	4,511	-	-	-	-
Others	2,076	1,544	-	-	-	-
<b>Total</b>	<b>51,004</b>	<b>45,281</b>	<b>54,669</b>	<b>39,009</b>	<b>1,290</b>	<b>1,716</b>

### 13 BREAKDOWN OF SALES

Turnover (Group)	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
<b>3Q 2003</b>				
Singapore (including domestic sales & sales to Singapore)	2,607	2,944	1,642	7,193
Overseas (including export to & sales in overseas)	4,995	5,597	14	10,606
<b>Total sales</b>	<b>7,602</b>	<b>8,541</b>	<b>1,656</b>	<b>17,799</b>
<b>3Q 2002</b>				
Singapore	3,344	4,551	1,661	9,556
Overseas	2,995	4,873	40	7,908
<b>Total sales</b>	<b>6,339</b>	<b>9,424</b>	<b>1,701</b>	<b>17,464</b>
<b>9 months ended 30 Sep 2003</b>				
Singapore	8,704	9,404	4,898	23,006
Overseas	11,972	16,012	14	27,998
<b>Total sales</b>	<b>20,676</b>	<b>25,416</b>	<b>4,912</b>	<b>51,004</b>
<b>9 months ended 30 Sep 2002</b>				
Singapore	8,902	11,313	4,890	25,105
Overseas	9,427	10,671	78	20,176
<b>Total sales</b>	<b>18,329</b>	<b>21,984</b>	<b>4,968</b>	<b>45,281</b>

#### **BY ORDER OF THE BOARD**

Kenny Yap Kim Lee  
Executive Chairman and Managing Director  
20/10/2003