

# 1H 2003 Results

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**Qian Hu  
Corporation  
Limited**



# Corporate Highlights

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**Attained IHQ status**



**Obtained CITES II licence for successfully breeding second generation of Arapaima – largest freshwater fish in the world**



**Acquisition of Kim Kang completed**



**Formed a 49% joint venture with Pet Safari to grow distribution and retail business in Malaysia**



**Wan Jiang obtained ISO 9001 certification**

# 1H 2003 Results

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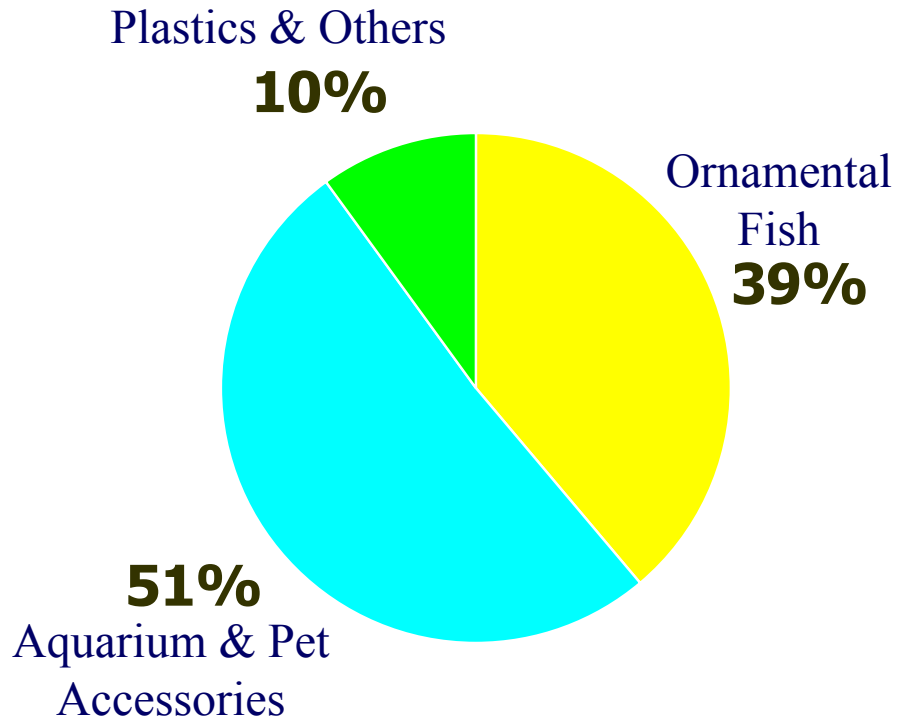
# Financial Highlights



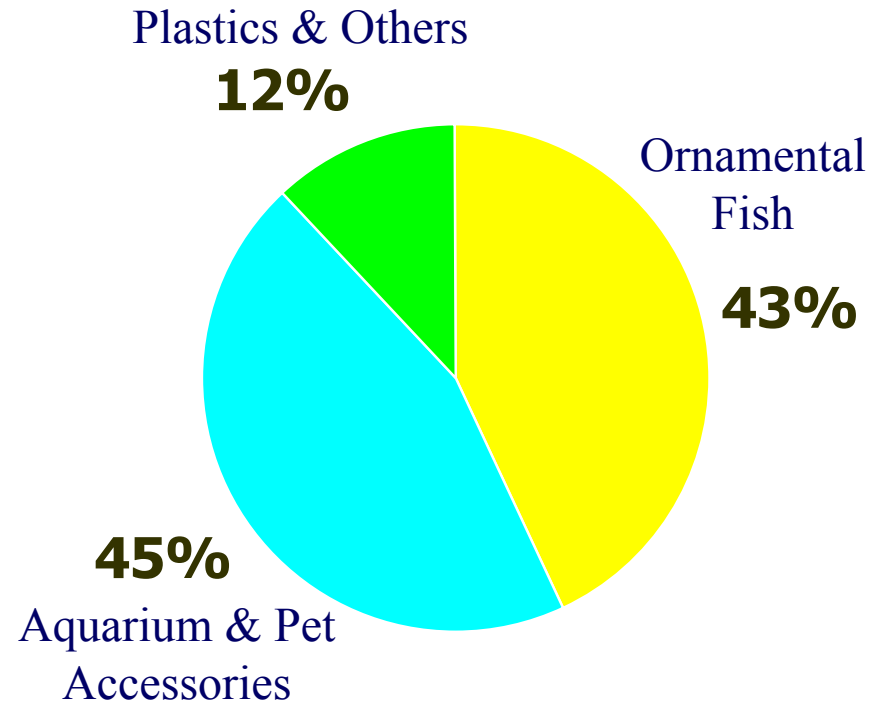
	1H03 (S\$m)	1H02 (S\$m)	Growth (%)	2Q03 (S\$m)	2Q02 (S\$m)	Growth (%)
<b>Turnover</b>	33.2	27.8	19.4	17.3	15.3	12.9
<b>EBITDA</b>	5.0	4.4	13.5	2.9	2.6	11.2
<b>Profit after tax before EI</b>	3.3	2.9	11.5	1.9	1.9	3.7
<b>Earnings per share (fully diluted)</b>	3.14 cents	3.15 cents	-	1.87	2.03	-
<b>Return on equity</b>	10.8%	12.1%	-	-	-	-
<b>Debt-to-Equity Ratio</b>	0.44	0.50	-	-	-	-
<b>Net Assets backing per share</b>	29.7 cents	23.6 cents	-	-	-	-

# Turnover By Activities

1<sup>st</sup> Half ended 30 June



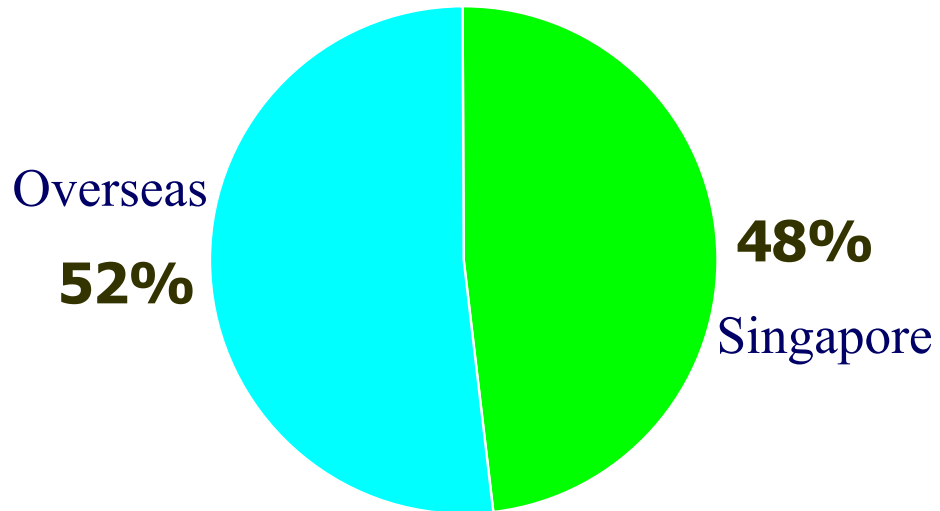
**1H2003**



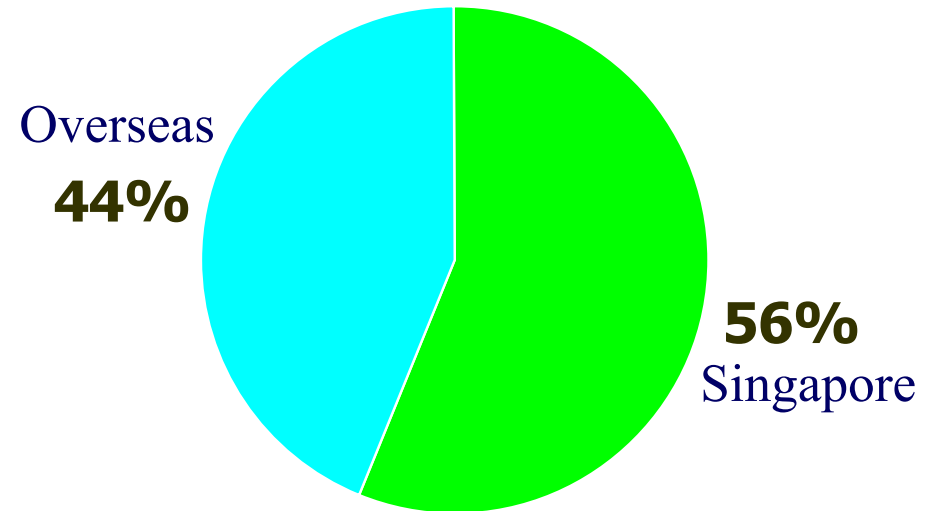
**1H2002**

# Turnover By Regions

1<sup>st</sup> Half ended 30 June



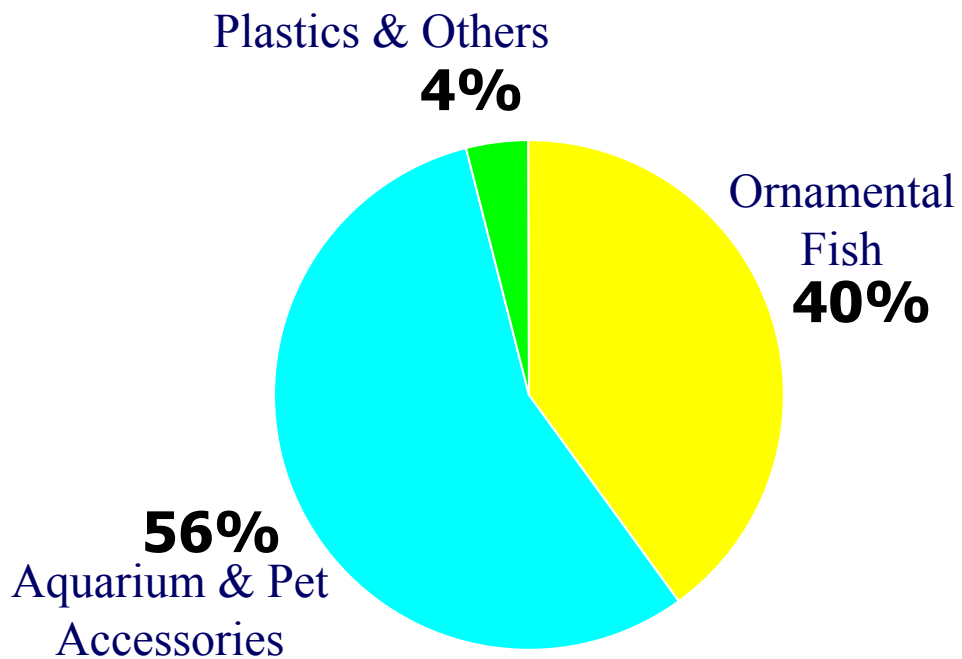
1H 2003



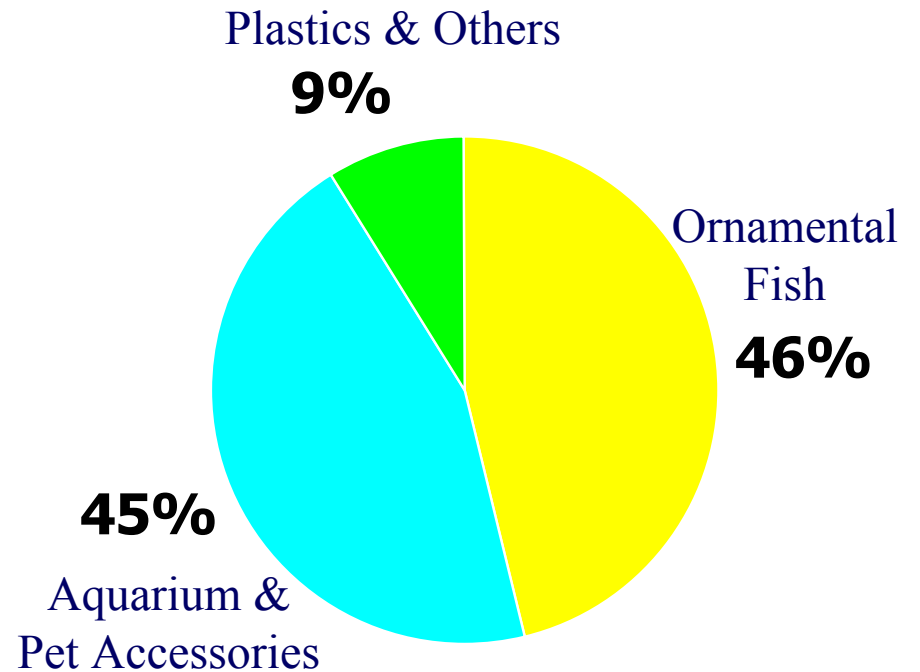
1H 2002

# Profit By Activities

1<sup>st</sup> Half ended 30 June



**1H 2003**

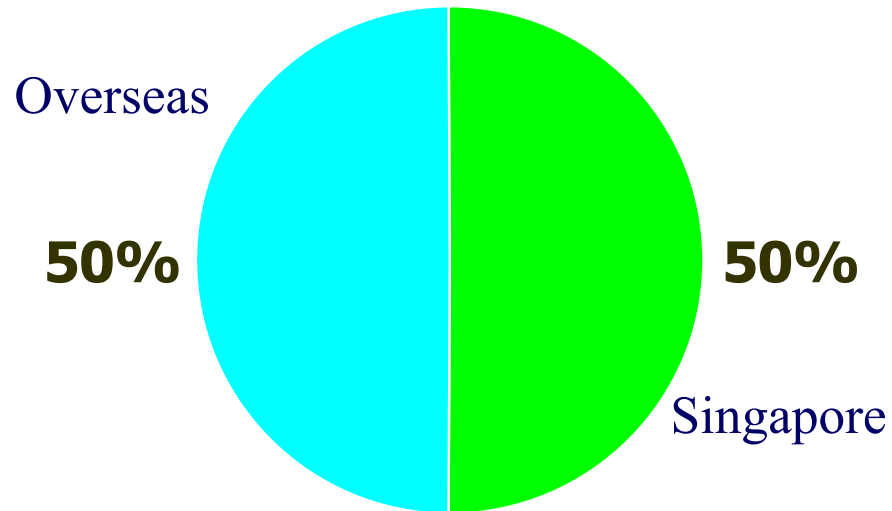


**1H 2002**

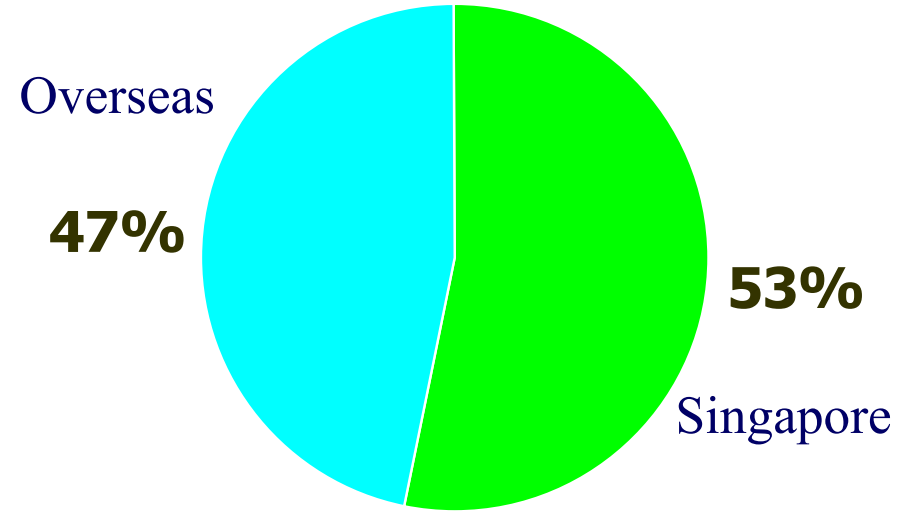
# Profit By Regions

1<sup>st</sup> Half ended 30 June

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1H2003

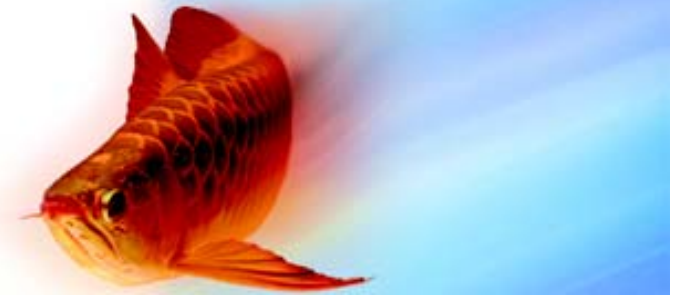


1H2002



# Comparing Q2 vs Q1

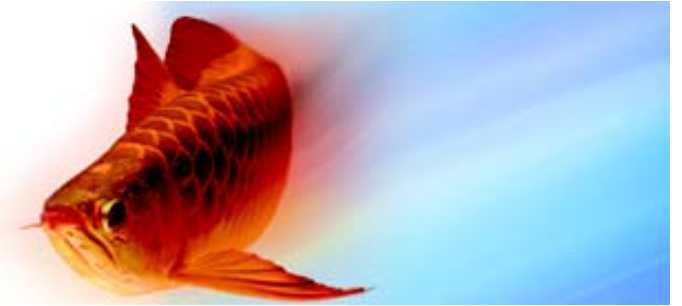
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	<b>Q2/2003 (S\$m)</b>	<b>Q1/2003 (S\$m)</b>	<b>Growth (%)</b>
<b>Turnover</b>	17.3	15.9	8.3
<b>Net Profit</b>	1.9	1.3	48.4

# Balance Sheet Highlights

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	<b>30/6/03 (S\$m)</b>	<b>31/12/02 (S\$m)</b>
<b>Total Assets</b>	43.9	43.8
<b>Total Liabilities</b>	13.3	15.5
<b>Total Shareholders' Funds</b>	30.2	27.9

# Cash Flow Statement



	<b>1H2003 (S\$m)</b>	<b>1H2002 (S\$m)</b>
<b>Cash generated from operating activities</b>	-	2.0
<b>Cash used in investing activities</b>	(0.8)	(0.9)
<b>Cash generated from (used in) financing activities</b>	(0.9)	3.8
<b>Net increase (decrease) in cash and equivalents</b>	(1.7)	4.9
<b>Cash and cash equivalent at end of period</b>	6.1	6.2

# Inventory & Trade Debtors Turnover

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	<b>30/6/03</b>	<b>31/12/02</b>
<b>Inventory Turnover</b>	88 days	88 days
<b>Trade Debtors Turnover</b>	62 days	62 days

# Segmental Review

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# Ornamental Fish



	<b>Turnover Growth</b>	<b>Operating Profit Growth</b>
<b>2Q03 vs 2Q02</b>	3.9%	42.6%
<b>1H03 vs 1H02</b>	9%	19.4%
<b>2Q03 vs 1Q03</b>	7.3%	117%



Higher contributions from Thai Qian Hu and fish division in Guan Guan (Malaysia)



Sales to retail outlets in Singapore remain relatively consistent



Improved profit due to higher sales of own-bred Dragon Fish

# Ornamental Fish

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Successful breeding of the largest freshwater fish in the world – Arapaima

- On 9 May 2003, our 8 Arapaima bore 187 fry
- On 12 June 2003, we harvested another 2385 fry
- Awarded CITES 2





# Acquisition of Kim Kang



Acquisition of 65% of Kim Kang Aquaculture completed on 16 July 03



Based in Batu Pahat, Kim Kang is the third largest Dragon Fish exporter with more than 1,000 pieces of Brooder Stock



Expect to contribute towards an increase in Group turnover and profit in the current year

Streets, 10 July 2003



By Shervin Seah

THE Asian arowana is pushing the luohan aside in the ornamental fish industry.

Although the luohan, recently all the rage in the region, is still sought after, it is the arowana, the "luck fish", that is now reeling in enthusiasts with deep pockets.

It has made a dramatic comeback, with demand rising in markets that include China, Taiwan, Malaysia, Thailand and Singapore.

This has pushed up the price of the fish, also called the dragonfish, which can grow to a metre long and live up to 100 years.

Qian Hu, a Singapore-based ornamental fish dealer, now sells a 15cm red arowana, a variety of the Asian arowana, for \$2,500, up from last year's \$1,500.

Qian Hu's head, Mr Kenny Yap, 38, said that sales of Asian arowanas had doubled from last year.

"The increased demand...



Arowanas (main picture) are now higher on the desirability scale. Inset: The microchip that licensed fish here carry

has led to the price increase," he said. "And Singaporeans are buying to beat price hikes."

The demand for the fish from China and Taiwan was a result of their improving economies and a growing middle-class, he said.

However, the supply of Asian arowanas is limited, and it is classified as endangered under the Convention of

International Trade in Endangered Species (Cites).

Breeders of Asian arowanas here need a licence from the Agri-Food and Veterinary Authority of Singapore (AVA). Each fish from a licensed breeder here is tagged with a microchip implant.

Of the 61 ornamental fish farms in Singapore, only five are Cites-registered and licensed by the AVA to breed arowanas.

Sales executive Matthew Koh, 30, who last week bought his first, a 17cm super Red from Qian Hu for over \$2,000, said: "It has a nice colour."

A 12cm red splendour crossback costs about \$3,800. A 45cm one can cost \$10,000.

According to Ms Lye Fong Keng, the head of the AVA's Wildlife Branch, Singapore is the top ornamental fish exporting country in the world, with a 24 per cent share of the world market.

Last year, it exported \$76 million worth of ornamental fish to 80 countries.



# Accessories



	<b>Turnover Growth</b>	<b>Operating Profit Growth</b>
<b>2Q03 vs 2Q02</b>	26.5%	(14.0%)
<b>1H03 vs 1H02</b>	34.4%	7.6%
<b>2Q03 vs 1Q03</b>	10.8%	(5.5%)



Increased in sales contributions from PRC operations while Singapore experienced lower demands due to SARS impact



Dip in profit due to:

- Keener competition and more promotions during the SARS period which reduced gross margin yields
- Lower margins from Wan Jiang despite higher turnover

# Accessories







Focus on Branding for Accessories



# Joint Venture: The Pet Safari in Malaysia

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-  49% stake (RM300K) through Guan Guan
-  Pet Safari will run pet supermarts (pets, pet supplies, boarding, grooming, pet food, pet accessories and other ancillary services) in Malaysia
  - Plans to open a 30,000 sq ft one-stop centre in IKEA Power Centre in Damansara – the most affluent residential area in KL
-  Guan Guan will supply all the ornamental fish and accessories to this joint venture
-  Expect to receive long-term boost but not expected to contribute significantly to current year's results as it will only be operational by end 2003

# Fish Nuggets



## **We are a growth company**

- All core activities registered turnover growth
- IHQ: Recognition from Government that we are a regional and global player
- Acquisition of Kim Kang will have positive impact on our Group turnover and profitability in 2003
- Joint venture with Pet Safari in Malaysia will provide upside growth in our fish and accessories business
- Healthy growth in turnover and overall profitability in FY2003



## **We are exportable, expandable and scalable**

- We will continue to replicate our business model to other untapped markets



## **We are an integrated ornamental fish service provider**

- Not just a fish breeder, distributor or exporter
- Not just an aquarium accessories manufacturer and distributor

# 1H 2003 Results

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