



QIAN HU CORPORATION LIMITED

FACTSHEET

July 21, 2003

Group Structure

Qian Hu Corporation Limited

- Subsidiaries**
- Tat Leng Plastic Pte Ltd (100%)
 - Jiang Nan Holdings Pte Ltd (100%)
 - Guan Guan Aquarium Sdn Bhd (100%)
 - Beijing QianYang Aquarium Co., Ltd (100%)
 - Fujian Anxi QianLong Plastics Private Co Ltd (100%)
 - Qian Hu Marketing Co Ltd (74%)
 - Thai Qian Hu Co Limited (60%)
 - Guangzhou Wan Jiang Technology Co., Ltd (60%)
 - Kim Kang Aquaculture Sdn Bhd (65%)
- Associate**
- Jin Jien Hsing Enterprises Ltd (50%)
 - PLC Pet Safari (Kuala Lumpur) Sdn Bhd (49%)

Our Business

Qian Hu is an integrated “one-stop” ornamental fish service provider ranging from breeding of Dragon Fish, importing, exporting and distributing of ornamental fish as well as manufacturing of aquarium and pet accessories and distributing them to local and overseas customers.

Our main business activities can be classified into :

- **Ornamental fish**
Qian Hu engages in the total ornamental fish process, which includes import, export, breeding, quarantine, conditioning, farming, wholesale and distribution activities. We import ornamental fish from countries in South-East Asia, South America and Africa. We currently export over 500 species and varieties of ornamental fish directly to more than 60 countries as well as distributes to local retailers and exporters.
- **Accessories**
The distribution of accessories complements our ornamental fish operations by providing a “one-stop”

shop to meet the customers’ aquarium needs. We distribute more than 5,000 types of aquarium and pet food/accessories for more than 20 major manufacturers and principals to retailers in mainly Asia and Singapore, including supermarkets operated by NTUC FairPrice, Cold Storage and Carrefour.

In addition, we have developed our own brands of aquarium and pet food/accessories under the name “Ocean Free”, “Delikate”, “BARK” and “ARISTO-CATS YI HU”. We have also a subsidiary in Guangzhou, China to manufacture aquarium and pet accessories.

- **Plastic bags**
As an ancillary business, we manufacture plastic bags for our own use in the packing of our ornamental fish for sale in a separate factory located in Woodlands. The plastic bags are also supplied to third parties in the ornamental fish, food and electronics industries.

More about Qian Hu

- **Fundamentals**

Our turnover and net profit surged 52% and 84% respectively in FY 2002 as compared to in FY 2001. Compared to the 6 months ended 30 June 2002, our sales and profitability also increased by 19.4% and 11.5% respectively during the first half of FY 2003.

We managed to achieve imminent growth, declining debts and improved current ratios, profit margins and ROE over the years (see table below). Our directors envisaged that our Group's turnover and profit will continue to increase in the second half of 2003.

	1998	1999	2000	2001	2002	1Q2003	1H2003
Turnover	22,863	25,151	33,903	41,249	62,693	15,942	33,205
EBITDA	1,581	2,779	5,178	5,679	10,172	2,096	5,032
Profit before tax	714	1,802	4,081	4,373	8,588	1,700	4,189
Net profit	525	1,314	3,104	3,558	6,547	1,325	3,251
Net profit margin	2.3%	5.2%	9.2%	8.6%	10.4%	8.2%	9.8%
EPS (cents)	0.75	3.70	4.95	3.88	6.58	1.26	3.14
ROE (%)	15.6%	27.3%	22.6%	20.7%	23.5%	5.8%	10.8%
ROA(%)	4.5%	5.7%	13.6%	12.9%	15.0%	3.0%	7.4%
NTA per share	4.4	6.0	16.1	20.8	27.4	28.7	29.7
Current ratio	0.86	1.00	1.88	2.09	2.36	2.58	2.79
Debts/Equity	2.45	1.93	0.65	0.60	0.56	0.49	0.44
AR turnover	75	58	59	66	62	59	62
Inventory turnover	47	58	69	78	88	85	88
Growth rates							
Sales		10.0%	34.8%	21.7%	52.0%		
EBITDA		75.8%	86.3%	8.5%	81.1%		
PBT		152.4%	126.5%	7.2%	96.4%		
PAT		150.3%	136.2%	14.6%	84.0%		

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

- **Relatively recession proof**

Our business is not affected by the general economy slowdown. It is very resilient despite the slow economic growth, Iraq war and SARS had impacted on the global economy. In fact, it is believed that during such period, people stay at home more and pick up hobbies like keeping pets (especially fish), either to pass time or to enhance the home environment. Our results have proven that, despite weak economic conditions, our turnover and net profit have increased.

- **Growth potential**

Our Group will continue to maintain a healthy growth in turnover and profitability in the sales of ornamental fish and accessories at our home base and to export markets. More growth, however, can be expected from our overseas operations, in the PRC, Malaysia and Thailand, as our regional distribution networks are now fully operational and well established.

One of our subsidiaries in Malaysia, Guan Guan, which turnover and profitability has increased significantly in FY 2002, is expected to maintain the growth of its accessories sales this year. Its newly set up fish division is now fully operational and will commence export sales of fish in Malaysia this year, Guan Guan is also expected to receive a long-term boost from a newly incorporated joint venture company, PLC Pet Safari (Kuala Lumpur) Sdn Bhd,

dealing with pet food, pet accessories and other ancillary services in Malaysia.

Our two subsidiaries in Thailand, Qian Hu Marketing and Thai Qian Hu, became operationally profitable in FY 2002. The distribution network growth in Thailand will be maintained. In June 2003, we started a retail cum wholesale sales concept in Bangkok, including a showroom in Jautijak distribution Centre (weekend market). This should enable us to expand our distribution network in Thailand.

We are also executing a marketing plan to increase market sales of accessories in the PRC. This is undertaken through the establishment of an accessories marketing and distribution center in Shanghai which will actively promote and drive our accessories sales to the municipalities surrounding Shanghai (central PRC) and supported by Wan Jiang in Guangzhou (the southern region of the PRC) and Qian Yang in Beijing (the northern region of the PRC). We believe this will enhance our growth and profitability in our accessories business in the PRC.

- **Quality assurance**

We believe that we have the requisite quality management system to ensure the high quality of fish supplied by us including low fish mortality rate during our quarantine and farming process. We are able to confidently achieve a 97% survival rate of our fish arrival at our customers' destinations.

Based on our industry knowledge, Qian Hu is probably the first fish farm in the world to be awarded ISO 9002 certification for our quality management system in 1996. In 1997, we were awarded the ISO 9002 certification for the trading, breeding and quarantine of Dragon Fish. In June 2000, we obtained the ISO 9002 certification for the retail and wholesale of our aquarium and pet accessories to local and export markets. Our ISO



9002 certifications for our ornamental fish operations complement the quality requirements for exporters of the Accredited Ornamental Fish Exporters Scheme, which we have been member since 1995.

We believe that we are also the first in the ornamental fish industry to achieve the ISO 14001 certification for our environmental management system to preserve natural resources and minimize wastage.

In 2001, we also became a member of the Singapore Quality Class (under PSB certification).

Our local and overseas subsidiaries were also awarded ISO certification:

- Tat Leng (January 2002)
- Guan Guan (June 2002)
- Thai Qian Hu (June 2002)
- Beijing QianYang (January 2003)
- Guangzhou Wan Jiang (May 2003)

We believe that Guan Guan in Malaysia, Thai Qian Hu in Thailand and QianYang in Beijing are the first ornamental fish companies in their respective countries to be awarded ISO 9002.

We target to have more of our subsidiaries ISO certified by this year.

- **Knowledge-based company**

As fish are delicate, they have to be nurtured, groomed and monitored under strict environment in terms of temperature, water quality, food and medication to maximize survival rates. Our core management, who has been running the business for more than 10 years, possesses a high degree of knowledge in the entire breeding, quarantine, conditioning and farming process. We see ourselves as a knowledge-based company and an integrated “one-stop” service provider, which poses a unique entry barrier to newcomers.

- **Backward integration**

- **Manufacturing of aquarium accessories**

We used to distribute third parties accessories products together with our own brands of aquarium and pet accessories (under Ocean Free, Delikate, BARK, ARISTO-CATS YI HU). Although we provide some input on the design and features of our proprietary brands of aquarium and pet accessories, the manufacturing of these products was mainly outsourced to sub-contractors in China, Korea and Taiwan.

In March 2001, we incorporated a company in Guangzhou, Wan Jiang, to handle certain manufacturing activities of aquarium and pet accessories. In addition to manufacturing our own proprietary brands, Wan Jiang is expected to manufacture aquarium accessories for third-parties (OEM) and distributes locally (in China) as well as to countries such as Japan, Germany and the United Kingdom.

- **Breeding of Dragon Fish**

We breed Dragon Fish from our 350 pieces of Brooder Stock, which we have selected over the past 5 years. The Dragon Fish are bred in our earthen ponds under controlled environment where the chemical composition of the feed, water and pH levels are being monitored closely. The Dragon Fish fries are then nurtured in our nursery to marketable size.

With the completion of the acquisition of Kim Kang Aquaculture Sdn Bhd (a Dragon Fish farm in Malaysia) in July 2003, we are able to strengthen our position as an integrated fish service provider by further backward integrating our fish operations and optimizing our sales and profit margins of ornamental fish. It will also enhance our Group's ability to ride the growth in demand for Dragon Fish in the current year as well as in the coming years.

- **Corporate transparency**

Qian Hu was voted the most transparent company in the "SESDAQ/Small Caps up to S\$100 million category" by the Singapore Investors Association of Singapore for two consecutive years (FY 2001 & FY 2002) in recognition of our commitment to corporate governance and transparency to our shareholders. In addition, our FY 2001 Annual Report won the first runner-up of the SESDAQ category in the Annual Report Award 2002.

- **Commitment to shareholders**

Our mission statement says "We want to create shareholders' value by becoming a world class ornamental fish and accessories company through innovative and quality products and services".

We want our shareholders to share in our success and be rewarded for their support. We declared a 6% gross final dividend for financial year 2001 and issued 1 bonus share for every 10 existing shares held as at March 2002. We paid a 6% final dividend and a 6% special dividend in respect of financial year 2002.

Our share price has performed well based on our good fundamentals and the confidence that our shareholders have in our Group's growth and prospects.



More about the Ornamental Fish Industry



- Huge potential for expansion**
 According to the World Trade Organisation, the world trade in ornamental fish is worth more than US\$4.5 billion with an annual growth rate of 8%. Of this, Asian countries account for a significant 68% share.
- World ornamental fish imports worth more than US\$250 million**
 The value of world ornamental fish imports has increased markedly too, from US\$50 million to US\$250 million over the last two decades.

- Singapore is the largest exporter for ornamental fish**
 Asia contributes more than 50% of the world supply of ornamental fish. Singapore is a major player in the world ornamental fish export market accounting for about 26% of the turnover, followed by the United States of America, Thailand, Malaysia, the Czech Republic, Indonesia, Sri Lanka, Japan, the Philippines and Israel.
- The main importers of ornamental fish**
 The main importers of ornamental fish are the United States (25%), Japan (18%) and Europe, particularly Germany (9%), France (8%) and the United Kingdom (7%). In international trade, in value terms, freshwater species represent about 90%, against 10% for marine species.
- World most popular pets**
 Ornamental fish are the world's most popular pets and fish keeping is the second most popular hobby after photography. Today, fish-keeping is a hobby that has become institutionalised and is becoming a standard consumer commodity concerning millions of people around the world. Aquariums are increasingly used as "mood adjusters" and indeed, aquariums are very relaxing. Many doctors and dentists are fish-keepers.

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Grand Prix for Investor Relations by a Small or Medium Sized Company

highly commended
Qian Hu Corporation

for excellence in investor relations

Grand Prix for Best Overall Investor Relations

Winners

Large Company Singapore Airlines <i>"Singapore Airlines provides timely information and is open to investors. They hold meetings with investors to explain any new direction the company is taking, and any operational aspects"</i>	Small or Medium Sized Company TechTronic Industries <i>"It has good disclosure and quick response to issues and queries raised by investors and analysts"</i>
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Highly Commended

Large Company DBS Group Holdings Hutchison Whampoa Sun Hung Kai Properties	Small or Medium Sized Company Qian Hu Corporation Wah Sang Gas Holdings
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