



QIAN HU CORPORATION LIMITED

(Updated – 14 January 2008)

FACTSHEET



Group Structure

Qian Hu Corporation Limited

Divisions

- Qian Hu Fish Farm Trading
- Yi Hu Fish Farm Trading
- Wan Hu Fish Farm Trading

Subsidiaries

- Qian Hu Tat Leng Plastic Pte Ltd (100%)
- Qian Hu Aquarium and Pets (M) Sdn Bhd (100%)
- Qian Hu The Pet Family (M) Sdn Bhd (100%)
- Kim Kang Aquaculture Sdn Bhd (65%)
- Qian Hu The Pet Family (KK) Sdn Bhd (65%)
- Beijing Qian Hu Aquarium and Pets Co., Ltd (100%)
- Shanghai Qian Hu Aquarium and Pets Co., Ltd (100%)
- Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (100%)
- Qian Hu Marketing Co Ltd (74%)
- Thai Qian Hu Company Limited (60%)
- NNTL (Thailand) Limited (49%) *

* The Group has voting control at general meetings and Board meetings

Associate

- Arcadia Products PLC (20%)

Qian Hu 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, wholesales and distribution activities. We import ornamental fish from countries in Southeast Asia, South America and Africa. We currently export over 500 species and varieties of ornamental fish directly to more than 70 countries as well as distribute to local retailers and exporters. Our “Qian Hu” Dragon Fish is increasing regarded as a premium brand in Northeast China.

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 house-brands of aquarium and pet accessories under the name “Ocean Free”, “Delikate”, “BARK”, “Nature’s Gift” and “ARISTO-CATS YI HU”. We also have a subsidiary in Guangzhou, China to manufacture aquarium 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.

Qian Hu – The Pet Family

Qian Hu started penetrating the retail market with a chain store concept, “**Qian Hu -- The Pet Family**” in 2004 which we intend to professionalise a highly fragmented market to mass market a niche industry. Since then, we have opened 12 retail chain stores in China (3), Malaysia (5) and Thailand (4). All the chain stores sell both ornamental fish and related aquarium & pet accessories while some stores also conduct pet grooming activities.

More about Qian Hu

Fundamentals

With the strong market demand for Dragon Fish and our continuous effort in increasing our ornamental fish export to more customers and countries over the world, our Group’s turnover and profit after taxation attributable to shareholders increased by 20.5% and 89.1% respectively in FY 2007 as compared to FY 2006. We managed to achieve moderate profit growth, healthy cash flow generated from operations and lower inventory & trade receivables turnover days in FY 2007.

With the increase in revenue from our ornamental fish operations, improvement in our accessories export business, coupled with the positive contributions from our Group's overseas operations in Malaysia, Thailand and China, accordingly, we expect our Group's revenue and profit will continue to increase in Year 2008.

	2003	2004	2005	2006	2007
Turnover	67,680	65,492	66,267	76,111	91,720
EBITDA	11,514	6,095	6,948	8,307	10,977
Profit before taxation	9,554	3,487	4,088	5,311	7,919
Profit after tax & minority interests	7,016	1,627	2,030	2,617	4,948
Net profit margin	10.4%	2.5%	3.1%	3.4%	6.9%
EPS (cents)	5.55	1.27	1.58	0.64*	1.23*
Return on equity	19.2%	5.2%	6.4%	8.0%	11.4%
Return on assets	12.3%	3.4%	4.3%	5.1%	7.1%
Net assets per share (cents)	38.3	33.1	35.5	37.9	13.5**
Current ratio	2.58	2.12	2.21	1.98	1.83
Debts equity ratio	0.45	0.60	0.50	0.55	0.60
Trade receivables turnover (days)	69	75	79	74	67
Inventory turnover (days)	125	162	187	168	142
Growth rates					
Sales	8.0%	(3.2%)	1.2%	14.9%	20.5%
EBITDA	14.7%	(47.1%)	14.0%	19.6%	32.1%
PBT	11.2%	(64.2%)	19.5%	29.9%	49.1%
PAT	7.2%	(76.8%)	24.8%	28.9%	89.1%

* after adjustment for rights issue in 2007

** based on enlarged share capital after rights issue in 2007

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 enjoys 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. 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 remained relatively stable.

Growth potential

Our Group's future growth depends on:

- increase in our export of ornamental fish to more than 80 countries globally;
- escalation of our export of aquarium and pet accessories;
- continued growth of our breeding and sales of Dragon Fish;
- expansion of our pet accessories distribution network by leveraging on our own house-brands;
- ability to expand our distribution capabilities from owning the business to owning the customers;
- increase in our distribution points in China from 100 points to 150 points; and
- enhancement of our production efficiency and our strength in research & development

Our established distribution network makes us the only ornamental fish company in the world which is able to supply ornamental fish supply from 4 countries, namely Singapore, Malaysia, Thailand, and China. By exporting more fish to more customers and countries all over the world, while continuing to expand the domestic distribution network of ornamental fish in the 4 countries mentioned above, we believe that there will be a positive contribution to our ornamental fish turnover moving forward. Currently, our Group export ornamental fish to more than 70 countries around the world. We intend to export ornamental fish to more than 80 countries globally in the coming years.

Like our ornamental fish business, we are increasing the export of our "Ocean Free" brand (*named the No. 1 aquarium accessories brand in Singapore by Euromonitor*) of aquarium accessories products to more countries in the world. We will accelerate our pace of distribution of pet accessories worldwide from Singapore as well as through our overseas subsidiaries by leveraging on our own house-brands. Currently, we export our aquarium accessories to approximately 20 countries around the world but with limited presence in Europe. With the acquisition of 20% stake in Arcadia Products PLC ("Arcadia") in July 2007, it enables us to make our first foray into the European market. Arcadia has a sterling reputation for its high quality aquarium lighting products which are sold to a total of 90 specialists and general pet wholesalers in the United Kingdom, and are distributed to 55 countries around the world. Through Arcadia, we plan to set up a marketing arm in London to further establish our aquarium and pet accessories products in the Europe continent. We aim to export our aquarium and pet accessories products to as many countries as our ornamental fish export. It is our intention to grow our accessories' revenue to be equivalent to that of ornamental fish.

In view of the ever-growing pet (e.g. dogs, cats and small animals, etc) market all over the world, we have started to accelerate our pace of distribution of pet accessories worldwide from Singapore as well as through our overseas subsidiaries by leveraging on our own house-brands, namely "BARK" and "Nature Gift" for dog accessories products; "Aristo-cats YI HU" for cat accessories products and "Delikate" for small animals. We envisage that the pet accessories distribution business will grow to become a significant business activity within the Group in the future.

In addition, we are in a process of professionalizing a highly fragmented ornamental fish and aquarium & pets accessories retail market by setting up our retail chain stores throughout the region under the name, "Qian Hu – The Pet Family", which provides better services, a wider product range in a visually-stimulating shopping environment, and thereby offering hobbyists and customers a different and more enjoyable shopping experience. We believe that the new chain store concept will enhance our growth and profitability in both our fish and accessories business in these countries for the coming years.

We are also working on enhancing our presence in China by increasing our distribution points in the country for our Dragon Fish and accessories products. The number of distribution points will continue to grow in Year 2008 as we intend to increase the number of our distribution points in China from our current 100 to 150.



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 a 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 minimise wastage.

In 2001, we became a member of the Singapore Quality Class (under PSB certification). We were one of the winners of the Singapore Quality Awards (SQA) in 2004.

Our local and overseas subsidiaries were also awarded ISO certification:

- Qian Hu Tat Leng (January 2002)
- Qian Hu Aquarium and Pets (M) (June 2002)
- Thai Qian Hu (June 2002)
- Beijing Qian Hu (January 2003)
- Guangzhou Qian Hu (May 2003)
- Kim Kang Aquaculture (May 2004)

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 maximise survival rates. Our core management, who has been running the business for more than 15 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**

In order to capture a larger extend within the value chain as well as to build up our own brand of accessories products, our Group has a factory in Guangzhou to handle certain manufacturing activities of aquarium accessories. In addition to manufacturing our own proprietary brands (e.g. Ocean Free), our factory manufactures aquarium accessories for third-parties (OEM) and distributes locally (in China) as well as to countries such as Japan, Korea, Iran, Australia, New Zealand, Germany and the United Kingdom. With the increasing demand supported by our subsidiaries' distribution network in 4 countries and with more of our suppliers and new customers from other parts of the world engaging our factory to produce their aquarium products (OEM), we are able to enhance our factory's production efficiency.

- **Breeding of Dragon Fish**

We breed Dragon Fish 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. Our collaboration with Temasek Life Sciences Laboratory in researching the breeding behaviour of Dragon Fish will also enable us to increase the production of Dragon Fish in our farms, and hence, enhance our Group's ability to ride the future growth in demand of Dragon Fish. Our "Qian Hu" Dragon Fish has gradually established itself as a premium brand in North East China.

Corporate transparency

Qian Hu topped the Business Times' Corporate Transparency Index (CTI) for four consecutive years from 2004 to 2007.

In addition, Qian Hu was voted the most transparent company by the Singapore Investors Association of Singapore in recognition of our commitment to corporate governance and transparency to our shareholders in the past years:

- SESDAQ/Small Caps up to \$100 million category (FY 2001 & FY 2002 – Winner)
- Service/Utilities/Agriculture category (FY 2003 – Winner)
- Mainboard Small Caps (up to \$100 million) category (FY 2004 & FY 2007 – Winner; FY 2005 & FY 2006 – Runners Up)

Our Annual Report 2004 also received a Gold award in the "Market capitalisation of less than \$500 million" category at the Annual Report Awards 2006.

Engaged in communication

Qian Hu won the Gold award for Best Investors Relations for companies with a market capitalisation of less than \$500 million in the Singapore Corporate Awards held in 2006.

In 2007, Qian Hu was the winner in the following categories at the IR Magazine Southeast Asia Awards held in November:

- Grand Prix for Best overall investors relations (Small or Mid-Cap)
- Best Corporate Governance (Small or Mid-Cap)

We were also highly recommended for the following at the same Awards :

- Best Financial Reporting (Small or Mid-Cap)
- Most Progress in investor relations (Small or Mid-Cap)



Qian Hu has adopted quarterly results reporting since 2001. We communicate pertinent information to our shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period. These are issued via SGXnet onto the SGX website as well as in press releases;
- media and analyst briefings for the Group's half-year and full-year financial results (chaired by the CEO) as well as other briefings, as appropriate; and
- the Group's website at **www.qianhu.com** from which shareholders can access information on the Group. The website provides, inter alia, all publicly disclosed financial information, corporate announcements, press releases, annual reports, and profiles of the Group.

In addition, our shareholders are encouraged to attend the Annual General Meeting ("AGM") as it serves as a principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the Directors or Management questions so as to be kept up to date as to our Group's operations, strategies and goals. In our AGMs held during the past 5 years, we have developed several channels, such as the Group's website, an automated hotline, email or fax, for our shareholders, who are not able to attend the AGM, to contribute their feedback and inputs. Questions received are answered during the AGM and detailed AGM minutes are posted onto both the SGX and the Company's website after the meeting.

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".

As we are still growing our operations, cash is needed for expansion. On the other hand, the Company would like to reward its supportive shareholders. After taken into consideration the Group's profit growth, cash position, positive cash flow generated from operations, and the projected capital requirements for business expansion, we paid a gross final dividend of 0.6 cents per ordinary share in respect of financial year 2006 in April 2007. In addition, the following exercises were undertaken by the Company in July 2007:-

- (a) payment of a special interim cash dividend for the financial year 2007 of 8.54 cents less tax of 18% (or 7.0 cents net) per ordinary share; and
- (b) adoption of a renounceable non-underwritten rights issue ("Rights Shares") at an issue price of S\$0.035 for each Rights Share, with free detachable warrants ("Warrants"), each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.035 for each new share, on the basis of two Rights Shares for every one existing share in the capital of the Company held, and one Warrant for every four Rights Shares subscribed, fractional entitlements to be disregarded (the "Rights cum Warrants Issue").

The purpose of the cash dividend is to further reward our shareholders for their loyalty and support to the Company over the years. With this special dividend payout, shareholders not only enjoyed the Company's Section 44 tax credits passed on to them, but also the option to re-invest their cash dividend by subscribing for the Rights Shares.

The Qian Hu Business Model

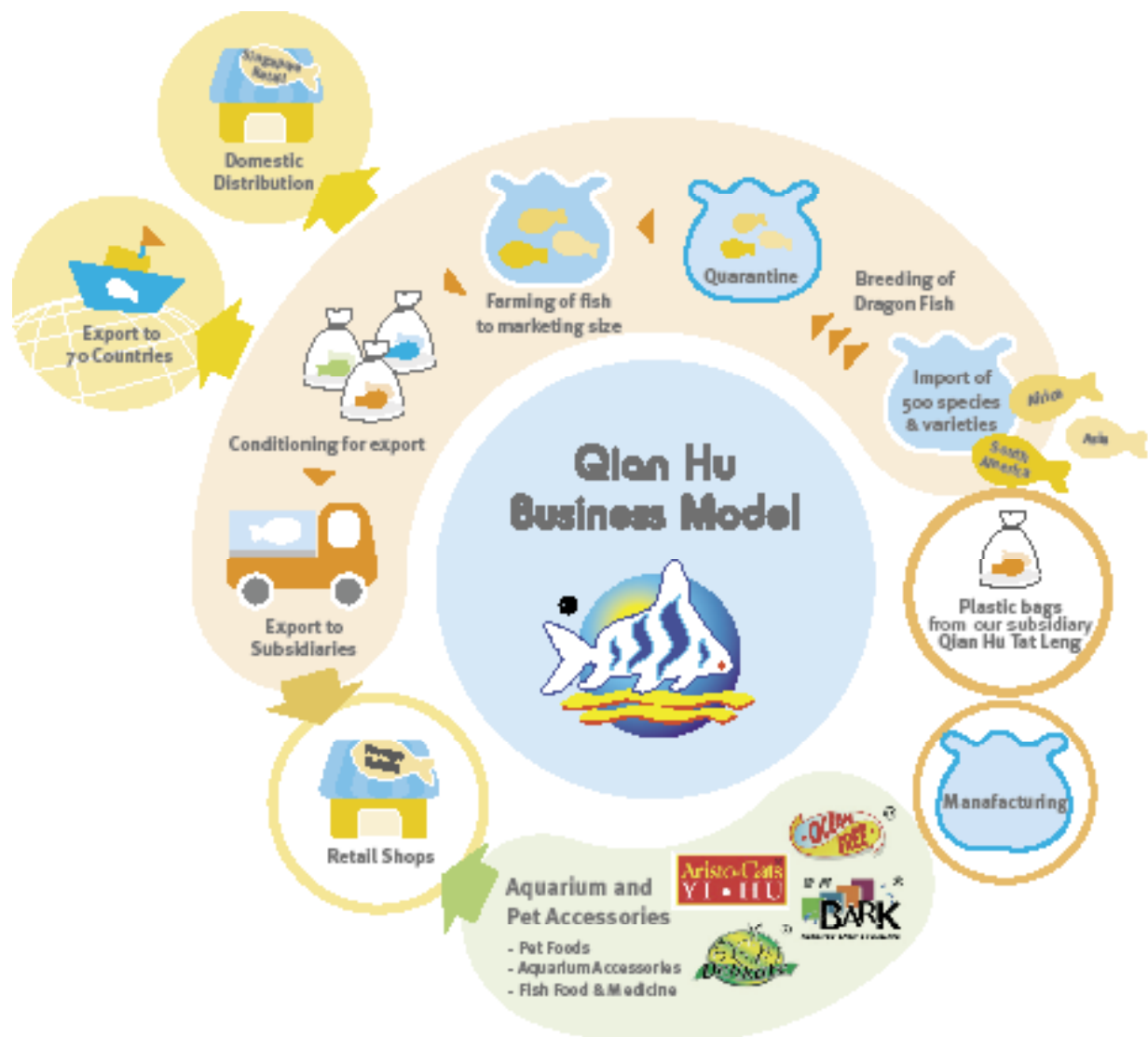
Qian Hu is uniquely positioned as an integrated ornamental fish service provider, providing a one-stop service for domestic and international wholesalers,, retailers and consumers.

Qian Hu is not just a breeder, distributor, manufacturer or retailer. The fact of the matter is, we are all of the above. Our business model hinges on the 4 visions of growth:

- 1 Export of ornamental fish and accessories
- 2 Distribution of ornamental fish an accessories
- 3 Manufacturing of aquarium and pet accessories
- 4 Breeding of Dragon Fish

Each of our business segments are integral links within our total value chain.

As our business model is exportable, expandable and scalable, Qian Hu is differentiated from the rest of the competition terms of its integrated services, brand, distribution network, manufacturing, its quality, innovation and service culture throughout the Group.



Financial Calendar

2007

15 January

Announcement of full year results for financial year 2006 with media & analysts briefing

23 February

Despatch of Annual Report 2006

19 March

Annual General Meeting (AGM)

11 April

Payment of final dividends declared for 2006

23 April

Announcement of first quarter results for financial year 2007

23 July

Announcement of first half results for financial year 2007 with media & analysts briefing

25 September

Payment of special dividends (Rights cum Warrants issue)

22 October

Announcement of third quarter results for financial year 2007

2008

14 January

Announcement of full year results for financial year 2007 with media & analysts briefing

22 February

Despatch of Annual Report 2007

11 March

Annual General Meeting (AGM)

April

Announcement of first quarter results for financial year 2008

July

Announcement of first half results for financial year 2008 with media & analysts briefing

October

Announcement of third quarter results for financial year 2008

Awards

[Recognition for Business Excellence](#)

People Developer Standard – Awarded by Spring Singapore (January 2006)

ZDNet Asia Smart50 – Awarded by ZDNet Asia in recognition of our IT initiative “FISH”

Singapore Quality Award 2004 – Awarded by Spring Singapore

International Headquarters Award 2003 – Awarded by Ministry of Trade and Industry

[Recognition for Excellence in Corporate Transparency](#)

Business Times’ Corporate Transparency Index 2004, 2005, 2006 & 2007

- Top ranking

Singapore Corporate Awards 2006

- Best Investor Relations Award (Gold - Market capitalisation of less than \$500 million)
- Best Annual Report Award (Gold - Market capitalisation of less than \$500 million)

SIAS Most Transparent Company Award 2007

- Winner in Mainboard Small Caps (up to \$100 million) category

SIAS Most Transparent Company Award 2006

- Runner-up in Mainboard Small Caps (up to \$100 million) category

SIAS Most Transparent Company Award 2005

- Runner-up in Mainboard Small Caps (up to \$100 million) category

SIAS Most Transparent Company Award 2004

- Winner in Mainboard Small Caps (up to \$100 million) category
- Runner-up in Services/Utilities/Agriculture category

SIAS Most Transparent Company Award 2003

- Winner in Services/Utilities/Agriculture category
- Golden Circle Special Merit Award

IR Magazine Southeast Asia Awards 2007

- Grand Prix for Best Overall Investor Relations (Winner - Small or Mid-Cap)
- Best Financial Reporting (Highly Recommended - Small or Mid-Cap)
- Most Progress in Investor Relations (Highly Recommended - Small or Mid-Cap)

[Recognition for Excellence in Corporate Governance](#)

IR Magazine Southeast Asia Awards 2007

Best Corporate Governance (Winner - Small or Mid-Cap)

Best Managed Board Award (Special Mention) – November 2003

Awarded by Singapore Institute of Directors, Hewitt Associates, The Business Times and Singapore Business Federation

PEP – Professional Enterprise Award

