



PRESS RELEASE

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Qian Hu nets in 28.9% jump in profit to \$2.6 million in FY06

SS'000	FY06 ended 31/12/06	FY05 ended 31/12/05	Growth (%)	4Q06 ended 31/12/06	4Q05 ended 31/12/05	Growth (%)
Turnover	76.1	66.3	↑ 14.9	20.7	18.3	↑ 13.2
Gross Profit	27.0	23.7	↑ 13.8	7.4	5.7	↑ 30.8
Net Profit	2.6	2.0	↑ 28.9	0.9	0.5	↑ 62.1

- Sales rose 14.9% to \$76.1M, boosted by strong growth in its operations in Singapore, Malaysia, Thailand and China
- Net profit in 4Q06 alone surged 62.1%
- Recommends first and final gross dividend of 0.6 cents per ordinary share

SINGAPORE – 15 January 2007 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** today announced that its net profit attributable to shareholders for the fully year ended 31 December 2006 jumped 28.9% to \$2.6 million.

This was achieved on the back of a 14.9% increase in Group turnover to \$76.1 million, led by strong growth in its operations in Singapore and Thailand, which saw more ornamental fish and accessories being exported to more countries around the world. Ornamental fish, including the highly-popular Dragon Fish, grew 18.3% y-o-y to \$39.6 million whilst aquarium and pet accessories, which included contributions from Qian Hu's 12 retail chain stores in the region, rose 3.7% to \$26.6 million. Revenue from plastics surged 38.5% to \$9.4 million.

For the full year, Qian Hu's Singapore sales grew 14.6% to \$24.1 million, accounting for 31.7% of total Group revenue, whilst sales to more untapped export markets led the growth from overseas countries which rose 15% to \$52.0 million.

Other financial highlights

Based on the Group's latest audited full-year results, earnings per share on a fully diluted basis increased from 1.58 Singapore cents to 2.03 cents, while net assets backing per share rose from 35.5 cents to 37.9 cents.

4Q06 Performance

Qian Hu's net profit for the fourth quarter alone surged 62.1% to \$0.9 million whilst sales grew 13.2% to \$20.7 million. The strong growth in profitability in 4Q06 was boosted by a 119.0% growth in accessories due to the higher export volume, and an 83.0% jump in earnings from the Group's plastics subsidiary.

From Mr Kenny Yap, Qian Hu's Executive Chairman and Managing Director

"We're experiencing growth all round – in our ornamental fish distribution business, Dragon Fish sales, accessories manufacturing, retail chain stores and plastics production. We're really glad that the painful, but necessary, pruning process is over and our strategy is starting to bud. Hopefully we'll be able to enjoy the fruits of our labour in FY 2007," he said.

Group Prospects for FY2007

Going forward, Qian Hu intends to:

1. Increase its export of ornamental fish and aquarium accessories

- Expand domestic distribution in Singapore, Malaysia, Thailand and China as well as export more of its products to more countries
- Increase the export of Qian Hu's proprietary "Ocean Free" brand (*named the Number 1 aquarium accessories brand in Singapore by Euromonitor*). Currently, the Group's "Ocean Free" products are exported to Philippines, Brunei, Australia, New Zealand, Japan, Turkey, Germany, United Kingdom and the Netherlands.

2. *Continue growth of Dragon Fish sales*

- Continued demand for Dragon Fish in China, Taiwan and Japan is expected to boost sales. Qian Hu's Dragon Fish is increasingly regarded as a premium brand in Northeast China.
- Qian Hu's collaboration with Temasek Life Sciences Laboratory in researching the breeding behaviour of Dragon Fish has enabled the Group to increase its production and to meet future growth in demand.

3. *Expand the distribution network for pet accessories by leveraging on Qian Hu's house brands*

- Accelerate pace of distribution of pet accessories worldwide from Singapore as well as through overseas subsidiaries by leveraging on Qian Hu's house-brands such as "BARK" and "Nature's Gift" (accessories for dogs); "Aristocats YI HU" (accessories for cats) and "Delikate" (accessories for small animals such as hamsters and rabbits).
- The distribution of pet accessories is expected to grow to become a significant business activity of the Group in the future.

4. *Retail chain stores*

- As at 31 December 2006, Qian Hu owns and operates 12 "Qian Hu – The Pet Family" retail chain stores throughout the region.
- The Group plans to add more stores, particularly in Malaysia.
- In addition, the Group is increasing its distribution points in China for Dragon Fish and other accessories to more than 100.

5. *Enhance efficiency and ability in manufacturing accessories products*

- With rising demand for accessories from the Group's distribution work in Singapore, Malaysia, Thailand and China as well as increasing orders for accessories products from the Group's suppliers and customers from various parts of the world, the Group expects to further enhance the production efficiency of its Guangzhou factory and hence, increase its turnover and profit contributions.

Overall Outlook

With the steady performance from our Singapore operations, coupled with the positive contributions from Qian Hu's overseas operations in Malaysia, Thailand and China, the Directors expect the Group's turnover and profit will continue to increase in FY2007.

Dividend

In line with Qian Hu's improved profit growth and healthy cash flow, the Directors have recommended a first and final gross dividend of 0.6 cents per ordinary share, which if approved by shareholders, will be paid out on 11 April 2007.

SEGMENTAL REVIEW

1. The Ornamental Fish Business

Qian Hu is the only ornamental fish company in the world that supplies ornamental fish from four countries, namely Singapore, Malaysia, Thailand and China. In FY2006, sales of ornamental fish grew 18.3% to \$39.6 million, accounting for 52.0% of the Group's total turnover. In the 4th quarter of FY2006 alone, this business segment grew 16.2% y-o-y to \$10.1 million led by Dragon Fish sales which continued to dominate the growth in ornamental fish turnover, as well as increase ornamental fish exports to more customers and countries around the world from the Group's distribution hubs in Singapore and Thailand.

Full-year operating profit from ornamental fish grew 32.6% to \$5.9 million in line with higher sales and better margins from Dragon Fish sales. In 4Q06, however, operating profit declined slightly by 8.2% to \$1.6 million compared to 4Q05 due to the difference in sales mix between the quarters.

Going forward, Qian Hu will continue to grow its ornamental fish business as it seeks to export more fish to more customers and countries all over the world, and expand its domestic distribution network in Singapore, Malaysia, Thailand and China.

Dragon Fish sales are expected to grow as China continues to be a huge Dragon Fish market along with Taiwan and Japan. Qian Hu's collaboration with Temasek Life Sciences Laboratory in researching the breeding behaviour of Dragon Fish will facilitate

the increase in production of Dragon Fish in its farms in Singapore and Malaysia to meet the demand from these high-growth markets.

2. The Accessories Business

In FY2006, sales of aquarium and pet accessories increased by 3.7% to \$26.6 million, accounting for 34.9% of the Group's total turnover. However, in the latest 4th quarter, accessories sales rose marginally by \$46,000 or 0.6% to \$7.8 million as compared to its corresponding period. This is a result of higher export sales and higher sales contributions from the Group's retail chain stores being offset by lower production orders received and delivered in the current quarter from its Guangzhou factory.

Full year operating profit from its accessories business increased to 2.8% to \$588,000, and in the latest 4th quarter, this business segment posted a profit of \$55,000, reversing a loss of \$289,000 in the year-ago period due to higher export sales which yielded good margins.

During the year in review, the Group had increased the production capacity of its Guangzhou factory which produces aquarium accessories. Increasing demand from Qian Hu's network in Singapore, Malaysia, Thailand and China, coupled with new OEM customers from other parts of the world, will enable the Guangzhou subsidiary to further improve its turnover and profit in FY2007.

Retail Chain Stores

As of 31 December 2006, the Group has a total of 12 chain stores in Malaysia, Thailand and China. In 2007, Qian Hu expects to set up more chain stores, especially in Malaysia.

3. Plastics

In FY2006, sales of plastics bags manufactured by Qian Hu Tat Leng by 38.5% to \$9.9 million, accounting for 13.1% of the Group's total turnover. In 4Q06, plastic activities rose 52.4%, generating sales of \$2.8 million buoyed by focusing on selling more high-value items and expanding its distribution channels and customer base.

Operating profit from Qian Hu's plastics activities continued to record promising growth on a quarter-to-quarter basis, in line with the significant improvement in turnover.

Full year operating profit from its plastics business jumped 47.9% to \$636,000, and in the latest 4th quarter, plastics generated earnings of \$194,000, up 83.0% from the same quarter a year ago.

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About Qian Hu Corporation Limited

Incorporated in 1998, Qian Hu is an integrated ornamental fish service provider – providing a spectrum of services involving distribution of well over 500 species of ornamental fish from all around the world as well as the manufacturing and distribution of a wide range of aquarium accessories, including pet foods and medications.

Qian Hu (which means “Thousand Lakes” in Chinese), has received several awards from the Securities Investors Association of Singapore since 2001 for its commitment to corporate transparency. The Company also won a special mention in the Best Managed Board Awards from the Singapore Institute of Directors in 2004.

Over the years, the Group achieved a number of “firsts” in the ornamental fish industry:

- The first company in the ornamental fish industry in Singapore to be listed on the mainboard of the Singapore Exchange.*
- The first integrated ornamental fish service provider in Singapore, Malaysia and Thailand to be awarded the ISO 9002 certification for its quality management system;*
- The first in the ornamental fish industry to obtain ISO 14001 certification for its environmental management system;*
- One of the first ornamental fish operations in Singapore to have successfully bred the Dragon Fish and Arapaima for commercial sale; and*
- The first SME to receive the Singapore Quality Award in 2004.*