



PRESS RELEASE

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Qian Hu continues on a solid growth path; 1H07 net profit leaps 88.4% to \$2.1 million

- *Sales increases 21.9% to \$44.4M, led by strong performance from Singapore and overseas operations*
- *Stronger export sales for both ornamental fish and accessories in 2Q07*
- *Expects revenue and profit to grow in 2H07*

SS'000	2Q07 ended 30/6/07	2Q06 ended 30/6/06	Growth (%)	6 months ended 30/6/07	6 months ended 30/6/06	Growth (%)
Revenue	22,428	18,289	22.6	44,409	36,428	21.9
Gross Profit	8,160	6,887	18.5	15,623	13,210	18.3
Net Profit	1,155	594	94.4	2,102	1,116	88.4

SINGAPORE – 23 July 2007 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** today reported that its net profit attributable to shareholders for the first six months ended 30 June 2007 made a giant leap of 88.4% to \$2.1 million.

This was achieved on the back of a 21.9% growth in the Group's revenue to \$44.4 million, led by strong sales performance from its Singapore operations after having been through a process of consolidation, and stronger export growth.

Qian Hu's net profit for the second quarter alone jumped 94.4% to \$1.2 million on sales growth of 22.6% to \$22.4 million, boosted by continued strong performance in own-bred Dragon Fish sales, particularly in China, Taiwan and Japan, as well as higher revenue from ornamental fish exports, especially to new markets in Middle East, Russia and Australia.

In the latest second quarter under review, the Group managed to increase the export sales of its aquarium and pet accessories. Approximately 70% of the increase in accessories revenue came from the export of accessories. In addition, the Group's Guangzhou factory, which manufactures aquarium and pet accessories, reported higher quarter-to-quarter revenue as it managed to secure more manufacturing orders from new and existing OEM customers since the second half of FY 2006.

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

"Qian Hu has definitely turned around in all of our businesses. We are indeed pleased that the pruning that Qian Hu went through in 2004 resulted in healthy branches (revenue) growing in the right direction. For instance, sales from Singapore grew 17.6% whilst sales from overseas increased by 23.9%. We have also begun to see Qian Hu bearing more fruit, which is represented by our strong profit growth. We expect this momentum of steady growth in revenue and profit to continue in the second half of FY 2007."

"This year, we have delivered on our promise to add value and reward our loyal shareholders for their support of Qian Hu all these years, as well as to enlarge the capital base of the Group. On 5 June 2007, we announced a special interim cash dividend of 8.54 cents less tax per ordinary share. Following the payment of the net cash dividend, a rights cum warrant issue was proposed.

"We are also very excited about our recently-announced strategic stake in an established aquarium lamp producer in the United Kingdom - our second major acquisition in four years! It also signals our entry into the European aquarium and pet accessories market," Kenny added.

Recent Acquisition

On 5 July 2007, Qian Hu announced that it had signed a definitive agreement (“the Agreement”) to acquire a 20% stake (the “Acquisition”) in Arcadia Products PLC (“Arcadia”) a UK-based manufacturer of aquarium lamps, for an initial consideration of £264,000 (approximately S\$813,000).

The Acquisition, which will be funded by both internal funds and external borrowings, is not expected to have any material impact on the Group’s earnings per share and net tangible assets per share for the current financial year ending 31 December 2007.

Arcadia, which has a history that dates back to 1964, is reputed for its high-quality aquarium lighting products which are sold in a total of 90 specialist and general pet wholesales in the United Kingdom, and distributed to 55 countries worldwide.

Under the terms of the Agreement, Qian Hu has agreed to pay a further consideration to Arcadia for the Acquisition amounting to 20% of six times the amount of net profit after tax (“PAT”) less the amount of initial consideration already paid by Qian Hu (the “Further Consideration”) in the event Arcadia achieves a PAT of not less than £400,000 (“Required PAT”) in its financial year ending 30 June 2008 (“FY 2008”). In the event that Arcadia is unable to achieve the Required PAT in FY 2008, Qian Hu will pay the Further Consideration to Arcadia calculated on the same formula for financial year ending 30 June 2009 (“FY 2009”), upon Arcadia achieving the Required PAT in FY 2009.

Through Arcadia, Qian Hu plans to set up a marketing arm in London, and further enhance its export of aquarium and pet accessories to the European continent. The Group will also collaborate with Arcadia in enhancing its capabilities in research and for aquarium and pet accessories. Qian Hu’s Guangzhou factory, which is already producing some aquarium lighting products for Arcadia, will soon see Arcadia outsourcing all of its product lines to Qian Hu.

Per Share Data

Based on the Group's half-year results, its earnings per share rose from 0.87 Singapore cents to 1.63 cents on a year-on-year basis, while net asset value per share improved from 37.92 Singapore cents as at 31 December 2006 to 39.78 cents.

Group Prospects for FY 2007

Going forward, Qian Hu intends to:

1. Increase its export of ornamental fish

- Currently exporting ornamental fish to more than 70 countries worldwide through its distribution hubs in Singapore, Malaysia, Thailand and China, Qian Hu intends to expand its customer base and geographical footprint both domestically and internationally.

2. Escalate export of aquarium and pet accessories

- 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.

3. Continue growth of Dragon Fish sales

- The "Qian Hu" brand of Dragon Fish has gradually established itself as a premium brand in Northeast China.
- The Group will continue to meet the strong demand for its own-bred Dragon Fish in China, Taiwan and Japan. Its research collaboration with Temasek Life Sciences Laboratory will continue to enable the Group to increase productivity of own-bred Dragon Fish.

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

- The market for pets such as dogs, cats and small animals continues to grow all over the world and to accelerate its 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); "Aristo-cats 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.

5. Retail chain stores

- As at 30 June 2007, 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.

6. Enhance efficiency and R&D strengths in the manufacturing of aquarium & pet accessories

- Expected increase in production output from the Group's Guangzhou factory driven mainly by the increasing orders for its manufactured products as well as the transfer of Arcadia production facilities from UK by next year.
- In anticipation of such increase, it is essential for the Group to enhance its production efficiency and to further strengthen its R&D capabilities.
- Qian Hu's strategic stake in Arcadia will significantly strengthen its R&D efforts in developing and improving its aquarium accessories products.

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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.*