



PRESS RELEASE

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Qian Hu's 3Q07 net profit doubles to \$1.3 million

- *Revenue rose 19.6% to \$22.7M, led by continued strong performance from all core businesses in Singapore and overseas*
- *Managed to sell more ornamental fish to new export markets such as Middle East, Russia, Australia whilst expanding Dragon Fish sales in more provinces and cities in China.*

SS'000	3Q07 ended 30/9/07	3Q06 ended 30/9/06	Growth (%)	9 months ended 30/9/07	9 months ended 30/9/06	Growth (%)
Revenue	22,688	18,970	19.6	67,097	55,398	21.1
Gross Profit	8,011	6,332	26.5	23,634	19,542	20.9
Net Profit	1,268	632	100.6	3,370	1,748	92.8

SINGAPORE – 22 October 2007 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** today reported that its net profit attributable to shareholders for the third quarter ended 30 September 2007 jumped 100.6% to \$1.3 million.

This was achieved on the back of a 19.6% growth in the Group's revenue to \$22.7 million, boosted by the Group's strong export sales of its ornamental fish to newly-captured markets in the Middle East, Russia and Australia, as well as selling more Dragon Fish to more provinces and cities in China. Its Accessories business also experienced strong demand from both domestic and overseas markets, whilst its

Guangzhou factory managed to secure more production orders from new and existing OEM customers.

At the Operating Profit level, Qian Hu's Accessories business surged 873.1%, to \$506,000 in third quarter operating profit, due to higher revenue generated from an expanding distribution network, better profit margin contributions from the export of accessories to more untapped markets globally, and enhanced operational efficiency from its Guangzhou accessories manufacturing plant. The Group's Ornamental Fish business generated an increase of 34.6% in operating profit, to \$1.9 million, in line with the stronger sales performance overall and better margin yields from the sales of Qian Hu-bred Dragon Fish.

Per Share Data

Based on the Group's third-quarter results, its fully-diluted earnings per share rose from 0.16 Singapore cents in 3Q2006 to 0.31 cents in 3Q2007, while net asset value per share was 13.65 Singapore cents as at 30 September 2007.

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

"This has been another quarter of strong growth for Qian Hu! Whilst our ornamental fish business is expanding well, particularly in reaching new markets, our Accessories business has improved by leaps and bounds, thanks to our conscientious effort to bring margins back to a respectable level. Aside from strong export growth, our Guangzhou production plant has also been increasing production orders from existing and new OEM customers. We are now looking forward to the shift of Arcadia's production requirements to our Guangzhou plant after the completion of our acquisition – this should elevate our accessories manufacturing business to a whole new level of growth."

"This growth momentum in revenue and profit is expected to continue into the fourth quarter of FY 2007 and the following year," Kenny said.

Group Prospects

Qian Hu's future growth is anchored on its ability to grow its export markets for its Ornamental Fish business (currently exporting to more than 70 countries worldwide) as well as its aquarium and pet accessories segment (exporting to more than 20 countries globally).

The "Qian Hu" brand of Dragon Fish is perceived as a premium brand in Northeast China, and is experiencing strong demand from Taiwan and Japan as well. The Group's research collaboration with Temasek Life Sciences Laboratory will continue to enable Qian Hu to increase productivity of own-bred Dragon Fish.

The Group also plans to expand its distribution network for pet accessories by leveraging on the strength of its own house-brands such as "Ocean Free" brand (*named the Number 1 aquarium accessories brand in Singapore by Euromonitor*); "BARK" and "Nature's Gift" (accessories for dogs); "Aristo-cats YI HU" (accessories for cats) and "Delicate" (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.

Qian Hu's Guangzhou factory is expected to increase its manufacturing output with the growth from its existing and new OEM customers, as well as the transfer of Arcadia's production demand from the United Kingdom in FY2008.

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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 2003.

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.*