



# FACTSHEET

(Updated – 12 January 2011)

## 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%)
- 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%)
- Advance Aquatic Co., Ltd (60%)
- NNTL (Thailand) Limited (49%) \*

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

#### Associate

- Arcadia Products PLC (20%)
- Qian Hu Aquasstar (India) Private Limited (50%)

# 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 1,000 species and varieties of ornamental fish directly to more than 80 countries as well as distribute to local retailers and exporters. Our “Qian Hu” Dragon Fish is increasingly regarded as a premium brand in 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 3,000 types of aquarium and pet accessories for more than 30 major manufacturers and principals to retailers in mainly Asia and Singapore, including supermarkets operated by NTUC FairPrice, Cold Storage and Carrefour. Our export of aquarium and pet accessories has also seen a healthy momentum of growth. Currently, we export our accessories products to approximately 40 countries around the world.

In addition, we have developed our own propriety brand of aquarium and pet accessories products under the name “Ocean Free”, “Delicate”, “BARK”, “Nature’s Gift” and “ARISTO-CATS YI HU”.

We also have set up factories in Guangzhou (China) and Chennai (India) for the manufacturing of fish food and aquarium accessories.

- **Plastic bags**

As an ancillary business, we manufacture plastic bags for our own use in the packing of our ornamental fish 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**

Year 2010 was a disappointing year for our Group as our revenue and profitability were affected by multiple whammies, including the unprecedented severe hot weather and unstable weather condition which has led to a lower supply of self-bred Dragon Fish; widespread airport closures and flight cancellations over European air space due to the Icelandic volcanic ash (in end April and early May) and the heavy snowfall (in December); political riots in Bangkok and the weakening purchasing sentiments from the European markets in anticipation of the curb in the government’s budget spending which has dampened the demand for our products. The lower sales have resulted in the plunge in our operating profit registered in FY 2010.

However, we believe that the above whammy effect were one-off and unforeseen incidences. Our business model remains robust and is diversified. We will continue to build a resilient balance sheet, work steadily on generating and maintaining a strong cash flow from operating activities and on reducing our bank borrowings in the coming year.

Our cash and cash equivalents increased by approximately \$3.0 million from a year ago. Through healthy and constant cash flow generated from operating activities, our gearing ratio improved from 0.5x in FY 2009 to 0.47x in FY 2010 following the repayment of bank borrowings. Going forward, we expect all the entities within the Group will continue to generate cash with their stable profits and the prudent management of working capital, which will then enable the Group to further reduce its external borrowings.

	2006	2007	2008	2009	2010
Revenue	76,111	91,720	93,062	94,611	91,163
EBITDA	8,307	10,976	12,520	12,776	8,653
Profit before taxation	5,311	7,919	9,191	9,440	5,299
Profit after tax & non-controlling interests	2,617	4,948	6,043	6,544	4,209
Net profit margin	3.4%	6.9%	8.0%	8.1%	5.0%
EPS (cents)	0.74 *	1.23 *	1.36	1.48	0.93
Return on equity	9.1%	11.4%	11.8%	11.0%	6.2%
Return on assets	5.1%	7.1%	7.4%	7.4%	4.2%
Net assets per share (cents)	37.9	13.5 **	15.1 **	16.4 **	16.1 **
Current ratio	1.98	1.83	1.77	1.79	2.02
Debts equity ratio	0.54	0.60	0.60	0.50	0.47
Trade receivables turnover (days)	74	67	74	73	75
Inventory turnover (days)	168	142	145	137	141
Growth rates					
Sales	14.9%	20.5%	1.5%	1.7%	(3.6%)
EBITDA	19.6%	32.1%	14.1%	2.0%	(32.3%)
PBT	29.9%	49.1%	16.1%	2.7%	(43.9%)
PAT	28.9%	89.1%	22.1%	8.3%	(35.7%)

\* after adjustment for rights issue in 2007

\*\* enlarged share capital after rights issue in 2007 and the exercise of warrants for new ordinary shares

Barring any unforeseen circumstances, we envisage that the Group will continue to be profitable in Year 2011, despite possible fluctuations in our operating profit from quarter to quarter.

- **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 weaker economic conditions, our revenue remained relatively stable.

- **Growth potential**

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. We believe that Qian Hu has captured more than 5% of the world's market share in terms of ornamental fish export. The setting up of a new subsidiary in Indonesia in Year 2011 will have

a positive contribution to our ornamental fish revenue moving forward. We intend to increase our ornamental fish exports beyond the more than 80 countries that we currently export to globally in the coming years. Our long-term goal is to increase our global market share to 10% and that we are able to export ornamental fish to 100 countries – this will make us the top ornamental fish exporter in the world. In addition, we are looking out for opportunities in Vietnam to develop our distribution network and to set up new business ventures.

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 40 countries around the world. It is our intention to grow our export of aquarium and pet accessories to as many countries as our ornamental fish export. We aim to do this by cross selling our accessories products to our existing ornamental fish customers, as well as expanding our customer base in new countries through active marketing and participation in trade shows. It is important that we focus on innovative product development, ensuring consistency in quality and the building up of our own propriety brand names.

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 dogs’ accessories products; “Aristo-cats YI HU” for cats’ accessories products and “Delicate” 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, in the process of professionalising a highly fragmented ornamental fish and aquarium & pet accessories retail market, we have since set up 12 retail chain stores – “Qian Hu - The Pet Family” – throughout the region which provide better services and a wider product range in a visually-stimulating shopping environment. These offer hobbyists and our customers a different and more enjoyable shopping experience. We will continue to set up more of these retail chain stores in the future, especially in Malaysia. 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 2011 as we intend to increase the number of our distribution points in China from our existing 231 points to approximately 280 points.

- **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 Award (SQA) in 2004 and 2009.

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)

- **Commitment to Research & Development (R&D)**

We have formed a R&D team in the Singapore HQ in FY 2009. With the conscientious R&D effort put into the researching of Dragon Fish breeding behaviour, we aim to be Asia's most innovative and profitable Dragon Fish breeder.

Other than the R&D work in Dragon Fish breeding, our R&D team has engaged in the following three major research directions:-

- (i) Provide fish disease diagnosis and cure in order to improve and upgrade the quality of our export of ornamental fish. This is also in connection with the research work we carry out in developing new fish medications and conditioners for our accessories business.
- (ii) Develop a new range and design of new generation aquarium accessories, ranging from filtration systems to sterilisation unit for aquariums which we anticipate to revolutionise the ornamental fish industry.
- (iii) Explore new form of ornamental fish farming technology to meet the changing demand in the ornamental fish market which include the incorporation of novel, efficient and rapid system in place to produce high quality and disease-free fish.

- **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 set up factories in Guangzhou (China) and Chennai (India) to handle certain manufacturing activities of fish food and 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 and India) as well as to countries such as Japan, Korea, Israel, Australia, New Zealand, Germany and the United Kingdom. In FY 2010, we also started to manufacture and introduce a new generation of revolutionary aquarium accessories which should enhance our export capability.

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.

With the completion of the first phase of our research collaboration with Temasek Life Sciences Laboratory on the breeding behaviour of Dragon Fish, we are now able to incorporate the findings into actual production as we have a genetic-based selected set of brooder stocks where the quality sits way above our competitors. Our Dragon Fish production efficiency should be enhanced as a result of our ability in sexing the brooder stocks and putting them in the right ratios for breeding.

- **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 20 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.

- **Corporate transparency**

Qian Hu topped the Business Times’ Corporate Transparency Index (CTI) in 2002 and for another five consecutive years from 2004 to 2008. (*Note – CTI ranking ceased after Year 2008*)

In addition, Qian Hu was named the most transparent company in the following categories by the Securities Investors Association (Singapore) (SIAS) 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 category  
(FY 2004, FY 2007, FY 2008, FY 2009 & FY 2010 – winner; FY 2005 & FY 2006 – runner-up)
- Gold Circle Special Merit Award (FY 2003)

Our Annual Report 2004 and Annual Report 2008 also received the Gold award in the small cap category at the Singapore Corporate Awards held in 2006 and 2009 respectively.

Qian Hu was the first SME to receive a Special Mention for the Best Managed Board at the Singapore Corporate Awards 2008. We again received the Merit award for the Best Managed Board in the small cap category in 2009 and went on to win the Gold award in the small cap category in 2010.

- **Engaged in communication**

Qian Hu has adopted quarterly results reporting since 2001. All material information on the performance and development of the Group and of the Company is disclosed in a timely manner. Our shareholders are provided with quarterly and annual financial reports within 21 days of the quarter end and within 15 days of the financial year end respectively.

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;
- joint briefings for media and analysts are held in conjunction with the release of the Group’s half-year and full year financial results (with the presence of the CEO, Chief Financial Officer and the executive directors to answer relevant questions which the media and analysts may have) as well as other briefings, as appropriate; and



- the Group's website at [www.qianhu.com](http://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 since financial year 2003, 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 websites after the meeting.

With the conscientious effort put in, Qian Hu won the Gold award for Best Investors Relations (for companies with a market capitalisation of less than \$500 million) at the Singapore Corporate Awards held in 2006. We again won the Bronze award for Best Investors Relations (for companies with a market capitalisation of less than \$300 million) at the Singapore Corporate Awards held in 2009.

In 2007, Qian Hu was the winner in the following categories at the IR Magazine South East 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)

- **Commitment to shareholders**

Although the Group has not set a concrete dividend policy at present, it would like to reward its loyal and supportive shareholders. Qian Hu paid a first and final cash dividend of 0.5 cents per ordinary share for the financial year 2009. For the financial year ended 31 December 2010, the Directors are pleased to recommend a first and final dividend of 0.5 cents per ordinary share. Payment of dividends is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

The proposed dividend took into consideration the Group's profit growth, cash position, positive cash flow generated from operations and the projected capital requirements for business expansion. With minimal capital expenditure and investment in the foreseeable future, coupled with the cash management skill at work and the consistency in generating cash from operating activities, we are moving towards becoming a debt-free company with high dividend payout.

# Financial Calendar

## 2010

12 January

FY 2009 Full year results announcement (with media and analysts briefing)

16 March

Annual General Meeting

12 April

Payment of dividend

19 April

1Q 2010 results announcement

19 July

2Q 2010 results announcement (with media and analysts briefing)

18 October

3Q 2010 results announcement

## 2011

12 January

FY 2010 Full year results announcement (with media and analysts briefing)

11 March

Annual General Meeting

8 April

Payment of dividend (Subject to Shareholders' approval at AGM)

18 April

1Q 2011 results announcement

18 July

2Q 2011 results announcement (with media and analysts briefing)

17 October

3Q 2011 results announcement