

Chairman's Message



Dear friends,

I am happy to report that following a turnaround year in 2007, 2008 marked a year of new beginnings for Qian Hu. We were able to build upon the restructured business model, and our Group achieved a more robust and diversified performance.

In spite of the volatility in the global environment, I wish to emphasise that keeping pets as a hobby is pretty recession proof. Like I always tell people, you would not kill your fish when recession strikes, would you?

All of our core businesses are growing well, particularly our Accessories business. It truly is and will be the engine of growth in our Group, even as our Ornamental Fish segment continues to generate strong contributions, particularly our self-bred Dragon Fish.

Incidentally, our research collaboration with Temasek Life Sciences Laboratory has yielded much success. The knowledge that we had collected in the first phase of the research allowed us to solve some of the mysteries that have shrouded this pre-historic fish. We now have extensive information on their breeding connections in the ponds, pedigrees, molecular barcodes and the ability to sex adult brooders.

Armed with this information, we are now ready to breed dragon fish in the laboratory using 'in-vitro' fertilization techniques, using sperms and eggs collected from our brooders. We can also start selective breeding, the first step towards 'tailor-made arowana' made by Qian Hu. We are really pleased to be spearheading this cutting-edge research in Singapore – the first of its kind for Asian Arowana in the world!

Clearly, Qian Hu is no longer satisfied at being Southeast Asia's biggest exporter of ornamental fish. We want to pursue bigger oceans of opportunities and growth, and we have specific strategies to achieve it.

To fund our growth, we have to ensure we have sufficient cash flow. Our challenge in the next few years will be to find an optimal balance between cash flow and growth. When we expanded the business during the years' 2000 to 2004, we did not manage the cash too well. When we restructured the company in 2004, we only managed cash at the expense of growth. This year, we are growing again, and we now have to ensure that we focus on both aspects.

Same Fish, New Ocean

Whilst we have clear growth strategies ahead, we want to assure you that we are still the same Qian Hu. We have the same commitment to excellence, people development, service quality, investor relations and corporate social responsibility.

FY2008 Highlights

I am pleased to report that Qian Hu has managed to improve its profitability by 22.1% to S\$6.0 million as a result of more efficient cost controls. Our gross profit margin rose from 34.4% in FY2007 to 35.5% in FY2008 whilst net profit margin improved by 1.1 percentage point to 8.0%.

In the year under review, the Group's sales increased 1.5% to \$93.1 million.

Ornamental Fish, including the highly-popular Dragon Fish, grew 0.8% y-o-y to \$45.7 million whilst Aquarium and Pet Accessories, which included contributions from Qian Hu's 12 retail chain stores in the region, rose 0.8% to \$35.6 million. Revenue from Plastics registered an even higher growth, at 6.3%, to \$11.7million.

Based on the Group's latest audited full-year results, earnings per share on a fully diluted basis increased from 1.23 Singapore cents to 1.36 cents, while net assets backing per share rose from 13.51 cents as at 31 December 2007 to 15.11 cents as at 31 December 2008.

Rewarding Shareholders

In line with Qian Hu's improved profit growth and healthy cash flow, the Directors have recommended a first and final dividend of 0.2 cents per ordinary share, which if approved by shareholders at our Annual General Meeting to be held on 11 March 2009, will be paid out on 6 April 2009.

Appreciation

It has been a pleasure serving you all in FY2008. We have persevered and are glad to be back on the growth track. In spite of all of the challenges we faced, we never once shied away from our responsibility towards corporate transparency. We never once compromised our corporate values and culture. We continued to be accessible to our shareholders and investors and continued to pursue business excellence. I would like to assure you that Qian Hu will not rest on its laurels – we have only just begun, and will continue to intensify the momentum of growth as we move into another exciting chapter.

I have so many people to thank – our board of directors, our staff, our business associates, as well as you, our beloved shareholders for believing in us and the Qian Hu story.

Have a successful year ahead!

Kenny Yap “The Fish”

Executive Chairman & Managing Director

主席的话

各位朋友们好！

随着2007年集团取得了令人期待的成绩后，我很高兴告诉大家2008年对仟湖而言标志着一个崭新的开始。借助重组业务模式成功的力量，公司在2008年取得了更茁壮的成长和表现。

尽管目前全球的经济环境起伏不定，我想在这里强调的是养宠物为爱好比较能够抵挡经济放缓所带来的冲击。我也经常对大家说，就算经济面临衰退的情况，你们也不会随便的做出遗弃你们的宠物的决定，不是吗？

今年集团所有的主要核心业务都取得了优良的增长表现，尤其是集团的水族宠物器材业务。水族宠物器材业务的稳健增长证明了它将是集团主要增长动力。同时，集团的观赏鱼业务将会继续对公司的收益作出贡献，尤其是公司所繁殖的龙鱼品种。

值得一提的是我们与淡马锡生命科学研究院携手合作进行的龙鱼培育研究计划已取得了很显著的成果。配合2004年展开的第一阶段研究所取得的成果，集团与淡马锡生命科学研究院将在第二阶段的研究计划利用体外培育法来培植亚洲龙鱼谱系。这项研究成果将有助于仟湖在不久的将来成功迈向根据不同客户的要求繁殖龙鱼的目标。我们感到非常兴奋，能够成为这一尖端研究的先锋。

很明显地，单单成为东南亚最大观赏鱼出口商已无法满足仟湖对外发展的渴望。仟湖要寻找崭新的海洋开辟新的商机。为了能够有效地达到我们的目标，集团已拟定好明确的策略和发展蓝图。

为了让集团的发展计划能够顺利得到所需要的融资，拥有足够的流动资金运转将是主要的关键。集团接下来几年的主要挑战将是在增长与融资之间寻求最理想的平衡点。回想当年，集团在2000年至2004年扩展业务时，集团处理流动资金并不理想。我们在2004年进行重组时，我们虽然有效地掌握好资金流动的管理但是却忽略了集团的增长。今年，迈向新的增长阶段，我们更要确保集团有效的兼顾资金流动与增长。

同样的仟湖，崭新的海洋

虽然我们有明确的发展策略和蓝图，我在这里向大家保证，仟湖一贯坚守的宗旨不会因为任何因素而动摇。我们依旧坚守着精益求精的态度，依旧着重人才发展，依旧注重优良服务品质，依旧保持高透明度的投资者关系，还有依旧肩负履行企业社会责任。

2008财政年概要

我很高兴地向大家报告，集团的盈利取得了22.1%的增长，至600万新元，这有赖于集团更有效的控制营运成本。另外，与2007财政年相比，我们的毛利润率从34.4%上升至35.5%，而净利率则取得了8%的增长。

总的来说2008财政年，集团的营业额取得了1.5%达9310万新元的成长，

观赏鱼包括广受欢迎的龙鱼的销售取得了0.8%的增长达4570万新元。水族宠物器材业务包括仟湖设在不同区域的12家专卖店也同样取得了0.8%的增长达3560万新元。塑料业务则取得了6.3%的增长达1170万。

根据集团最新经审核的全年业绩，每股盈利按年计算从截至2007年1.23分上升到2008年的1.36分，而每股净资产值从截至2007年底的13.51分上升至截至2008年底的15.11分。

回馈股东们

基于2008年集团取得了良好的利润增长和健康的现金流，董事局建议派发每普通股0.2分的一次过年终股息。建议若在2009年3月11日的股东周年大会取得通过，股息便会在2009年4月6日派发。

致谢

仟湖不断的努力与坚持，得以让集团重新回到增长的道路。尽管仟湖这一路走来不断的面临各种挑战，但是我们可以很骄傲的说我们从未在价值观上做过任何妥协。我们仍然继续坚守着对股东与投资者保持高透明度还有不断精益求精的精神。我要向所有的股东们保证，仟湖绝对不会因此而感到自满。对仟湖而言这一切才刚开始，随着我们将进入下一个成长阶段，继续推动业务的发展。

如同往年一样，我要感谢的人有很多。我们的董事局成员，和我们一起努力的同仁，我们的合作伙伴，当然还有各位股东们。感谢各位对于我们的信任。更要谢谢大家相信仟湖的故事。

叶金利

执行主席兼总裁