



PRESS RELEASE

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Qian Hu posts 27.8% rise in net profit to \$4.3 million for nine months of FY08

- Gross profit margin rose from 35.2% in 9M07 to 35.6% in 9M08, whilst net profit margin grew from 6.6% to 7.6%.
- 3Q08 net profit grew 20.9% to \$1.5 million whilst sales grew 4.1% to \$23.6 million

S\$'000	3Q08 ended 30/9/08	3Q07 ended 30/9/07	Growth (%)	9 months ended 30/9/08	9 months ended 30/9/07	Growth (%)
Revenue	23,613	22,688	↑ 4.1	70,203	67,097	↑ 4.6
Gross Profit	8,285	8,011	↑ 3.4	25,010	23,634	↑ 5.8
Net Profit	1,533	1,268	↑ 20.9	4,307	3,370	↑ 27.8

SINGAPORE – 20 October 2008 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** today reported that its net profit attributable to shareholders for the third quarter of FY2008 ended 30 September 2008 rose 20.9% to \$1.5 million.

This was achieved on a 4.1% increase in Group revenue to \$23.6 million boosted by overall growth in all of its core business – Ornamental Fish, Accessories and Plastics Manufacturing.

In the latest third quarter, sales of the Group's Ornamental Fish grew 3.0% to \$11.8 million due to strong demand for its inhouse-bred Dragon Fish from key markets of

China, Taiwan and Japan. Its "Qian Hu" Dragon Fish has been established as a premium brand in Northeast China.

The Group's Accessories business has benefited from strong export sales as well as expanding distribution network. However, due to a delay in rolling out new accessories products by its Guangzhou plant for its OEM customers, the production plan was deferred to early October 2008. Therefore, the Group's Accessories segment only saw a marginal revenue increase of 0.9% to \$8.5 million.

Revenue from its Plastics Manufacturing business registered strong growth of 18.5% to \$3.3 million by selling more varieties of plastic products to a larger customer base and increasing its export business.

9 months performance

In the nine months to 30 September 2008, the Group's revenue increased by 4.6 % to \$70.2 million and net profit rose 27.8% to \$4.3 million. Its gross profit margin rose from 35.2% in 9M07 to 35.6% in 9M08, whilst net profit margin grew from 6.6% to 7.6%.

Per Share Data

Based on the Group's latest nine-month results, its earnings per share on a fully diluted basis grew on a year-on-year basis from 0.82 Singapore cents to 0.97 cents, while net assets backing per share rose from 14.18 cents as at 30 June 2008 to 14.64 cents as at 30 September 2008.

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

"Despite the economic slowdown, this has been a good quarter, boosted by our continued robust performance by our twin engines of growth - Ornamental Fish and Accessories. Our Accessories is doing well, and our target is for it is to grow to the size of our Ornamental Fish business, and we intend to achieve this through increasing its export reach, increasing our dogs and cats accessories line, and expanding its distribution network."

“Barring any unforeseen circumstances, we believe that the ornamental fish industry is relatively recession proof, which will help to secure the Group’s continued growth. In particular, our Ornamental Fish business will continue to grow steadily, with added momentum from the strong demand for Dragon Fish in China and Southeast Asia.”

Business Prospects

Moving forward, the Directors expect the Group’s revenue and profit to continue to rise in the 4th quarter of FY2008, boosted by the increase in revenue from its Ornamental Fish operations, improvement in its Accessories export business and positive contributions from the Group’s overseas operations in Malaysia, Thailand and China.

Selective Breeding of Dragon Fish

Last month, the Group announced that it has embarked on the second phase of its cutting-edge research on the Asian arowana that will eventually yield “pedigree” fish. Armed with the findings from the first phase of the project which began in 2004, Qian Hu, in collaboration with Temasek Life Sciences Laboratory, plans to use in-vitro breeding to develop the pedigree Asian arowana. They will also study various aspects of the breeding biology and behaviour of the species in order to improve the currently used farming methods. This cutting-edge research has also gained support from the Singapore Economic Development Board (EDB).

This project will place Singapore as one of the leaders in the research of this species which will hopefully transform Singapore into a regional R & D hub for ornamental fish research in the future. The results from these research projects will also enable Qian Hu to be more effective in selective breeding, hence improving the quality and quantity of the future generations of the Asian arowana.

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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 1000 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.*
- First SME to receive Singapore Corporate Award for best managed board in 2008*
- First Dragon fish breeder to engage in DNA research & development*