

Qian Hu Corporation

27 Feb 09

Initiate Report

Small Yet Scalable

Integrated Ornamental Fish Player: Qian Hu is an integrated "one-stop" ornamental fish service provider specializing in the breeding of Dragon Fish. It also engages in the importing, exporting and distributing of ornamental fish as well as the manufacturing of aquarium and pet accessories. The group distributes them to local and overseas customers located in China, Indo China, South East Asia as well as Africa.

Highly Fragmented Industry: At present, Qian Hu does not have any listed comparable on the market. This comes as no surprise as the ornamental fish market has always being a very niche and fragmented industry populated by countless small scale domestic players around the world. Even with Qian Hu's small market capitalization, it is still being regarded as a global pioneer given its operational scale and network within the global ornamental fish industry.

Successful Down-Stream Venture: Besides strengthening its wholesaler status, Qian Hu also successfully integrated downstream through leveraging upon a series of in-house brands involving various aquarium and pet accessories such as "Ocean Free", "Delikate", "BARK", "Nature's Gift" and "ARISTO-CATS YI HU". These in-house brands are mainly sold through major retailers and hyper-marts in Asia, including household names like NTUC, Cold Storage and Carrefour.

Final Verdict: Given the counter's high level of corporate transparency, we have opted to use the price to book methodology to value this growth stock. However, despite having delivered what it has promised for the past 8 years, we still insist on the need to undertake a steep discount of 30% below its book value in view of the current abnormal financial storm. Based on FY09 forecasted book value, we estimate a target price of 11.5 cents and initiate Qian Hu with a "Buy" recommendation. (**Alan Lok, FRM, CFA**)

Buy

Target Price 11.5 Cents
Current Price 8.5 Cents

Main Activities

Qian Hu engages in the entire value added chain of ornamental fish involving import, export and distribution. The group also deals in aquarium and pet accessories as well as plastics bag manufacturing.

Financial Highlights

(Y/E)	FY07	FY08	FY09F
Revenue	91.7	93.1	99.6
Gross	31.5	33.1	34.9
Operating	8.7	10.1	10.1
Earnings	4.9	6.0	6.0
EPS (cts)	1.18	1.44	1.43

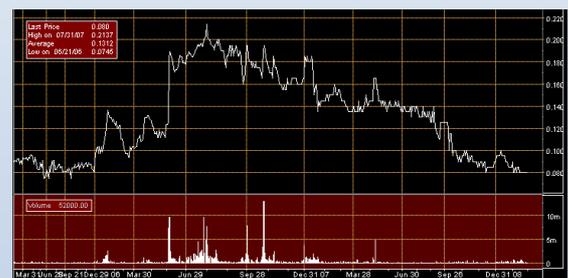
Source: SIAS Research

Key ratios (FY09F)

PER	6.0
P/BV	0.52
ROE	8.7%
Net gearing	18%
Current	1.76

Source: SIAS Research

Price Chart



Source: SIAS Research

52wks High-Low 17.5 cents/8 cents
 Number of Shares 418.519 m
 Market Capitalization S\$35.57 m

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COMPANY

Business Model: Qian Hu is an integrated “one-stop” ornamental fish service provider specializing in the breeding of Dragon Fish. It also engages in the importing, exporting and distributing of ornamental fish as well as the manufacturing of aquarium and pet accessories. The group distributes them to local and overseas customers located in China, Indo China, South East Asia as well as Africa. The various business categories are:

Ornamental fish: Qian Hu participates in the entire value added chain of the ornamental fish segment starting from breeding, importing, exporting, quarantining, conditioning, farming right through to wholesales and distribution activities. The geographical distribution is relatively wide, spanning from Southeast Asia, China, South America and Africa. Even though the group specializes in Dragon Fish (a highly regarded premium species, catering mainly to the Chinese communities around the world) the company also exports over 1,000 species and varieties of other ornamental fishes directly to more than 80 countries.

Accessories: As a complement to its ornamental fish business, the group also provides a “one-stop” shop style to cater to its customers’ needs in aquarium accessories. These accessories include, but are not limited to, aquarium and pet food, medicine and fish tanks. At present, Qian Hu distributes more than 3,000 types of aquarium and pet food as well as accessories for more than 30 major manufacturers and principals to retailers in mainly Asia and Singapore, including household names such as NTUC FairPrice, Cold Storage and Carrefour.

The group has built up a strong brand equity through developing in-house brands of aquarium and pet food such as “Ocean Free”, “Delikate”, “BARK”, “Nature’s Gift” and “ARISTO-CATS YI HU”.

Figure 1: P&L Summary

	FY08	FY07	% Chg
Revenue (S\$m)	93.1	91.7	1.5
Gross Profit (S\$m)	33.1	31.5	4.8
Net Profit (S\$m)	6.04	4.95	22.1
G.Margin (%)	35.5	34.4	1.1 pts
Net Margin (%)	6.49	5.39	1.1 pts

Source: Company, SIAS Research

Figure 2: Qian Hu’s Business Model



Source: Company

Figure 3: 4 EVER Float Magnetic Cleaner



Source: Company

At present, the group has undergone upward integration through a subsidiary in the city of Guangzhou in China to manufacture aquarium accessories.

Plastic bags: As an ancillary business, Qian Hu also manufactures plastic bags for internal consumption in form of packing material for ornamental fish that are slated for sales. The manufacturing facility is being carried out in a separate factory located in Woodlands. Excess production of plastic bags is also being supplied to third parties in the ornamental fish, food as well as electronics industries.

Qian Hu – The Pet Family: As part of its ongoing innovative strategy, Qian Hu has since 2004 started to integrate downstream through the “Pet Family” chain store retail concept. The group intends to value-add by professionalizing a highly fragmented market to niche its way out of the mass market. To date, Qian Hu has opened 12 retail chain stores in China (3), Malaysia (5) and Thailand (4). All the chain stores sell both ornamental fish as well as aquarium & pet accessories while some stores also conduct pet grooming activities.

Accessories Manufacturing Facility: The group has a factory in Guangzhou that manufactures a certain portion of its in-house aquarium accessories product. In addition, the factory also manufactures aquarium accessories for third-parties (OEM) and distributes locally (in China) as well as to countries such as Japan, Korea, Israel, Australia, New Zealand, Germany and the United Kingdom. To date, this factory only supplied about 10% of Qian Hu’s total feedstock needs in its accessories business segment in FY08.

Dragon Fish Breeding Grounds: Dragon Fish are bred within earthen ponds in Singapore and Malaysia under controlled environment where the chemical composition of the feed, water and pH levels is being monitored closely. The fries upon hatching will be nurtured in the nurseries until marketable size.

Figure 4: Fish Food



Source: Company

Figure 5: Super Premium Fish Tank



Source: Company

ISO Quality Certification: Qian Hu is the first fish farm in the world to be awarded ISO 9002 certification for having a quality management system in 1996. In 1997, the group was further awarded the ISO 9002 certification for the trading, breeding and quarantine of Dragon Fish. In June 2000, Qian Hu further went on to obtain the ISO 9002 certification for the retail and wholesale of aquarium and pet accessories to local and export markets.

In 2001, Qian Hu became a member of the Singapore Quality Class (Awarded by PSB). In 2004, the group went on to win the Singapore Quality Awards (SQA). We are of the view that such international accreditations will play a big part in marketing Qian Hu's brand equity in its overseas expansion.

Corporate Transparency: Qian Hu has topped the Business Times' Corporate Transparency Index (CTI) since 2002 and another five consecutive years from 2004 to 2008. In addition, Qian Hu was named the most transparent company by the Singapore Investors Association of Singapore (SIAS) in 2008. The group was also the first SME to receive a special mention for the Best Managed Board at the Singapore Corporate Awards 2008.

INDUSTRY ANALYSIS

The Ornamental Fish Industry: Based on data from AVA annual report, Singapore exported \$102.176 million worth of ornamental fish to more than 80 countries, with exports mainly directed towards European Union and the United States during the period from July 2007 to June 2008. This was an increase of 2.39% over the previous financial year's export which was valued at \$99.79 million. Singapore's ornamental fish industry will predominantly be export oriented given the small population size.

UK and USA continued to be the main importing countries for ornamental fish as the exports to these two countries accounted for more than 25% of the total export value. Japan and Taiwan are also major importers of Singapore ornamental fish. Close monitoring of the export figures to these countries over the next few quarters will give us a good estimate of the real impact of the credit crisis on the ornamental fish industry. As the sector is still at its infancy stage, it is sun rise industry.

Love for Pets is Recession Proof: In general, the Ornamental fish industry is not affected by the general economic slowdown. Even in times of recession, the emotional bondage between pet owners and their pets remain strong. It is therefore highly unlikely for any pet owner to abandon his or her pet. As such, despite being generally labeled as a discretionary consumer product, ornamental fish sales is not as elastic as most discretionary products. Furthermore, people tend to stay home during recession. To past time, they would pick up hobbies like rearing pets.

No Equals to Qian Hu: At present, Qian Hu does not have any listed comparable on the market. This comes as no surprise as the ornamental fish market has always being a very niche and fragmented industry. Even given Qian Hu's small market capitalization, it can still be considered a global pioneer with regards to its operational scale and network within the global ornamental fish industry.

Two Distinct Distribution Network: Even though the customer base of both ornamental fish and aquarium accessories revolve around the same group of consumers, the distribution network and suppliers still remained predominantly distinct and separated. Qian Hu therefore still has to route through Arcadia to penetrate the European accessories market even though it has already established its presence there.

Using the "Fengshui" of Dragon Fish: The Dragon Fish business is related to the Chinese Fengshui. Fengshui has been well assimilated into western culture and adopting pet Dragon Fish to enhance fengshui is now a norm in these cultures. The Dragon Fish market is therefore no longer limited to the Chinese market but also in countries like South East Asia, Europe, America, Latin America, Australia and even Africa.

INVESTMENT MERITS

Strong Distribution Network: Qian Hu is currently one of the few ornamental fish companies that possessed the ability to export ornamental fish globally. At present, Qian Hu is the only company in the world that is able to export ornamental fish on a considerable scale from four countries (China, Malaysia, Singapore and Thailand). The management believes that Qian Hu is the largest player in the industry with a global market share of 5%. Qian Hu targets to extend this market share to 10% and further expands its list of trading countries to 100.

As for the aquarium and fish accessories segment, the group has achieved quite a good global. Other than Europe, it has exported its products to more than 30 countries globally. Qian Hu has acquired a 20% stake in Arcadia (a UK based aquarium and pet accessories company) on July 2007 with an intention to expand into the European markets. Arcadia offers the group access to 90 specialists and general pet wholesalers in UK and also a strong distribution network of 55 countries worldwide.

Knowledge and Experience as Entry Barriers: Fishes are delicate creatures that need to be specially nurtured and groomed under very strict environment. The pace of breeding and level of mortality can be affected by the slightest change in conditions (such as temperature, water quality, food quality as well as dosage of medication). Furthermore, the fishes' ideal living conditions varies even within the same species and also at different stages of maturity. Such knowledge can only be acquired from years of fish breeding experience.

Specialized commercial processes know-how (such as quarantine, conditioning and farming) is also well guarded to enhance entry barriers.

Extending Their Niche through Technology: Since 2003, Qian Hu started to collaborate with Temasek Life Sciences Laboratory to enhance the productivity of its flag ship product: Dragon Fish. This collaboration has enabled the group to enhance the breeding productivity and also placed itself above the other competitors.

Successful Down-Stream Venture: Besides strengthening its wholesaler status, Qian Hu also successfully integrated downstream through leveraging upon a series of in-house brands involving various aquarium and pet accessories such as "Ocean Free", "Delikate", "BARK", "Nature's Gift" and "ARISTO-CATS YI HU". These in-house brands are mainly sold through major retailers and hyper-marts in Asia, including household names like NTUC, Cold Storage and Carrefour. "Ocean Free" which has been named the 2008 number one aquarium accessories brand in Singapore by Euromonitor.

Besides building in-house brands, the group has also venture into the retail chain store concept through the setting up of 12 retail chain stores carrying the “Qian Hu – The Pet Family” concept throughout the region. This concept aspired to provide value-added stuffs through better services and a wider product range in a visually-appealing shopping experience for both hobbyists and pet owners. We are of the view that such down-stream integration coupled with the marketing impact of in-house brand names will go a long way in allowing Qian Hu to capture a higher margin within the entire value chain.

Strategic Focus in the Pipeline: The management has mentioned in its corporate fact sheet that Qian Hu’s long term plan is to grow its accessories revenue to be in-line with that of its ornamental fish revenue. In addition, the group did not limit its business within the fish-related arena. Qian Hu has intention extend its distribution of pet accessories across the globe through building more in-house brand names. This will diversify its revenue source from the current ornamental fish business (49% of total revenue in FY08) in the long run.

RISKS

Fish epidemics: An outbreak of fish epidemics will hurt the company. However, diseases usually do not cross between species. In addition, during our plant visit to Qian Hu's Singapore based Dragon Fish pond, we have observed that great care has been taken to segregate the fishes during the breeding process. This greatly lowered the chance of disease outbreak.

Strong Reliance on Electricity Continuity: In any typical modern fish farms, water pumps need work around the clock to supply oxygen. As such, electricity supply became a highly critical element within the aquaculture industry. It is therefore highly important to ensure that the supply of electricity remains continuous at all time.

Qian Hu has installed numerous UPS (uninterrupted power supply) and back up generators that would active automatically during any power stoppage. In addition, Singapore's power supply is reliable which should mitigate the risk of power cuts.

Weak Economic Outlook on Arcadia: Arcadia's accessories business is expected to face slower growth given the current economic condition. GDP of the EU shrunk by 1.2% in 2008 and is expect to contract by a further 2.2% in 2009.

Weak Political Outlook on Thailand: Qian Hu's 4Q08 fish segment revenue fell by S\$1.1m or 9.7% YoY due partly to the temporary closure of the Bangkok International Airport in November. The closure has affected the amount of ornamental fish exported by the group's Thailand operation during that month.

Protectionism Strike Back: With roughly 40% of Qian Hu's business engaged in the European export market, the group might be subjected to protectionism action. As unemployment in Europe increase with the extended recession, the enactment of protectionist policies cannot be ruled out.

FINANCIALS HIGHLIGHTS

Positive Fundamentals: As can be seen on figure 6, Qian Hu managed to increase its revenue and net profit by 1.5% and 22.1% YoY respectively in FY08. Most subsidiaries in Malaysia, Thailand and China have managed to expand their domestic distribution network in those countries to capture more sales during the financial year. In addition, worldwide demand for its high margin Dragon Fish continued to grow strongly despite a shortage in supply during 4Q08 and the temporary closure of Bangkok International Airport in Nov 08.

Despite a stormy global financial outlook, Qian Hu still managed to achieve moderate profit growth with improved profit margins.

Figure 6: P&L Summary

	2004	2005	2006	2007	2008
Turnover	65,492	66,267	76,111	91,720	93,062
EBITDA	6,095	6,948	8,307	10,976	12,520
Profit before taxation	3,487	4,088	5,311	7,919	9,191
Profit after tax & minority interests	1,627	2,030	2,617	4,948	6,043
Net profit margin	2.5%	3.1%	3.4%	6.9%	8.0%
EPS (cents)	1.27	1.58	2.03*	1.23*	1.36
Return on equity	4.3%	5.0%	6.2%	11.4%	11.9%
Return on assets	2.5%	3.0%	3.5%	7.1%	7.4%
Net assets per share (cents)	33.1	35.5	37.9	13.5**	15.1**
Current ratio	2.12	2.21	1.98	1.83	1.77
Debts equity ratio	0.60	0.50	0.54	0.60	0.60
Trade receivables turnover (days)	75	79	74	67	75
Inventory turnover (days)	162	187	168	142	145
Growth rates					
Sales	(3.2%)	1.2%	14.9%	20.5%	1.5%
EBITDA	(47.1%)	14.0%	19.6%	32.1%	14.1%
PBT	(64.2%)	19.5%	29.9%	49.1%	16.1%
PAT	(76.8%)	24.8%	28.9%	89.1%	22.1%

*After adjustment for rights issue in 2007

** Enlarged share capital after rights issue in 2007

Source: Company

However, yearly growth rates across all key indicators (Sales, EBITDA, PBT and PAT) have dropped significantly in FY08. This is largely expected given the global slow down in discretionary global consumption. Still, Qian Hu was able to improve their margins and operating cash flow under such difficult conditions.

Geographical Analysis: Even though Singapore continued to contribute 28% of Qian Hu total revenue (refer to figure 7) for both FY07 & FY08, profit before tax (PBT) for Singapore market share (refer to figure 8) fell from 17% to 15%. This is evident of a more intensified competitive environment in Singapore.

As for the overseas market, Europe at 40% of total revenue during FY08 continued to be the biggest contributor. The group's high margin business, namely the Dragon Fish, remained predominantly a Chinese based market. As such, most of the high margin export sales are still directed at the Asian market, in particular China and Japan.

Product Category Analysis: Ornamental fish is continues 49% of total revenue (refer to figure 9). Even though there was a shortage in supply of Dragon Fish for sales in 4Q08, the demand remained relatively robust. Though revenue from ornamental fish grew only 0.8% (refer to figure 11) in FY08, profit margin from this business grew by 8.0% due to higher profit margin.

To improve the accessories business, Qian Hu concentrated on leveraging the group's widely dispersed network of distribution to penetrate into previously untapped market in FY08. As a result, operating profit for the year grew by 34.5% YoY to \$2.43m.

On a quarterly basis however, 4Q08 operating profit from this segment fell by 1.6% YoY to \$0.6m (refer to figure 14) as the group cut prices to clear inventory that will soon be obsolete. Nevertheless, it is common for companies to clear such inventory.

The plastics business segment continued to provide good yields for the company. Utilization rate has approached 100% and the group only consumed 5% of what was being produced in FY08. FY08 revenue from this business segment grew by 6.3% to \$11.7m while the associated operating profit improved by 4.4% to \$0.72m (refer to figure 12).

Figure 7: Revenue Breakdown by Geography



Figure 8: PBT Breakdown by Geography

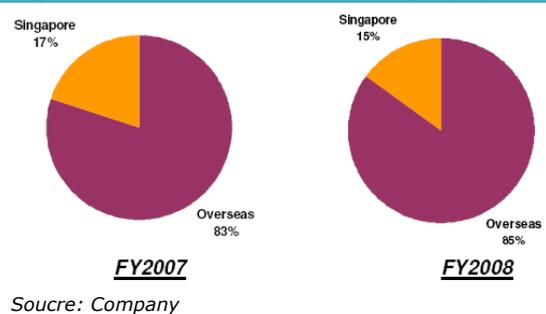


Figure 9: Revenue Breakdown by Products

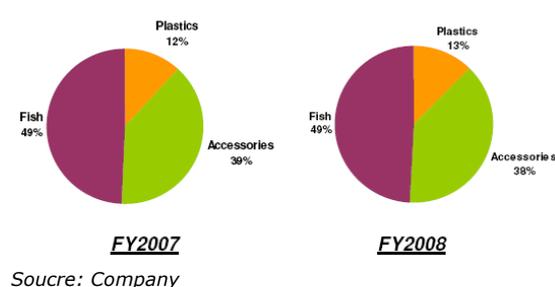
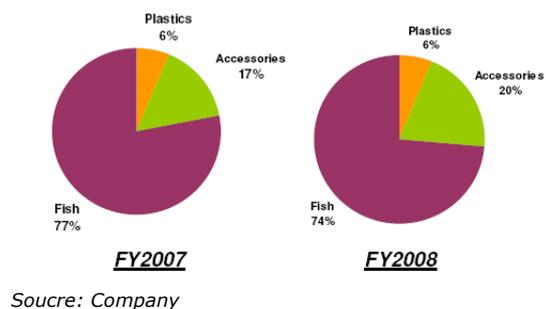


Figure 10: PBT Breakdown by Products



Healthy Balance Sheet: Net gearing remained relatively healthy at 16.4% while inventory days and receivable days remained in firm control at 145 and 75 days respectively. Meanwhile, cash flow from operation remained positive at \$9.82m, an improvement of 13.5% relative to \$8.65m a year ago.

Figure 11 : Segmental Full Year Revenue Analysis

Category	FY08'm	FY07'm	Change
Fish	45.7	45.3	0.8%
Accessories	35.6	35.4	0.8%
Plastics	11.7	11.0	6.3%
Total	93.1	91.7	

Source: Company

Figure 12: Segmental Full Year Op Profit Analysis

Category	FY08'm	FY07'm	Change
Fish	8.75	8.10	8.0%
Accessories	2.43	1.80	34.5%
Plastics	0.72	0.69	4.4%
Unallocated	(2.70)	(2.67)	1.2%
Total	9.19	7.92	

Source: Company

Figure 13 : 4Q Segmental Revenue Analysis

Category	4Q08'm	4Q07'm	Change
Fish	10.5	11.6	-9.7%
Accessories	9.6	10.2	-6.0%
Plastics	2.8	2.8	-1.1%
Total	22.9	24.6	

Source: Company

Figure 14 : 4Q Segmental Operating Profit Analysis

Category	4Q08'm	4Q07'm	Change
Fish	2.18	2.32	-6.1%
Accessories	0.60	0.61	-1.6%
Plastics	0.21	0.13	63.8%
Unallocated	(0.65)	(0.92)	-29.3%
Total	2.34	2.14	

Source: Company

VALUATION

Spot-on Strategy: Qian Hu's strategy of developing its in-house brands as well as juggling the accessories business product mix so as to keep it in line with the latest market preference has received tremendous success. As can be seen from figure 15, all business segments' operating profit margin in FY08 (with the exception of plastics) experienced more than 1 percentage point of improvement.

Figure 15 : Segmental Full Year Op Profit Margin			
Category	FY08	FY07	PPt
Fish	19.15%	17.87%	1.28
Accessories	6.81%	5.10%	1.71
Plastics	6.12%	6.24%	(0.11)

Source: SIAS Research

Core Competency Strengthened: Even as Qian Hu works towards balancing its revenue from both of its ornamental fish and accessories divisions, the group still maintains its traditional flag-ship product - the Dragon Fish. This can be seen from the long term collaboration between Qian Hu and Temasek Life Sciences Laboratory dating all the way back to 2003.

As per our understanding, Qian Hu has gone a step further by announcing that it will be setting up a R&D department in the Singapore HQ in FY09. It is understood that the R&D department will be headed by the group very own Qian Hu scholar: Dr. Alex Chang.

Recommendation: We are optimistic of Qian Hu two-pronged strategies: 1) Expanding into underserved and potentially lucrative sub segments and 2) at the same time not forgetting to build up its "amour" of defense around its traditional flagship product.

We have adopted the price to book target methodology to value the company. As a conservative measure, we have applied a discount of 30% to its book value to calculate Qian Hu's target value. Applying the discount to the estimated FY09's book value, we derived a value of 11.5 cents for Qian Hu's shares and initiate the company with a "**Buy**" recommendation.

We believe that the firm is fundamentally strong but current market condition requires us to be more conservative with our analysis. We will continue to closely monitor the counter. (**Alan Lok, FRM, CFA**)

Financial Table and Ratios

Year End Dec	2006	2007	2008	2009F	2010F
Profit & Loss (\$'m)					
Turnover	76.1	91.7	93.1	99.6	109.5
Gross Profit	27.0	31.5	33.1	34.9	38.3
Operating Profit	6.0	8.7	10.1	10.1	11.1
Earnings	2.6	4.9	6.0	6.0	6.6
Earnings per share (cts)	0.6	1.2	1.4	1.4	1.6
Balance Sheet (\$'m)					
Current Assets	46.7	52.0	56.1	59.5	65.6
Long Term Assets	28.7	36.8	44.4	47.3	51.7
Current Liabilities	23.6	28.4	31.8	33.8	37.1
Long Term Liabilities	2.9	4.8	6.0	4.1	4.5
Total Equity	48.9	55.6	62.7	68.9	75.7
Cash Flow (\$'m)					
Operating Cash Flow	8.7	8.7	9.8	7.2	10.1
Investing Cash Flow	(6.6)	(9.6)	(10.8)	(7.0)	(8.9)
Financing Cash Flow	(0.9)	1.2	2.2	(0.8)	(0.3)
Net cash increase/(decrease)	1.1	0.2	1.2	(0.6)	1.0
Financial Ratios					
Revenue Growth (%)	14.9	20.5	1.5	7.0	10.0
Operating Profit Growth (%)	30.5	45.4	15.7	0.2	9.8
Earnings Growth (%)	28.9	89.1	22.1	(1.2)	10.2
Gross Margin (%)	35.4	34.4	35.5	35.0	35.0
Operating Margin (%)	7.9	9.5	10.8	10.2	10.1
Net Margin (%)	3.4	5.4	6.5	6.0	6.0
Current Ratio (x)	2.0	1.8	1.8	1.8	1.8
Book value per share (cts)	0.1	0.1	0.1	0.2	0.2
Net Gearing (%)	4	16	16	18	18
Dividend per share (cts)	0.1	0.0	0.0	0.0	0.0
Return on Equity (%)	5.4	8.9	9.6	8.7	8.7
Return on Asset (%)	3.5	5.6	6.0	5.6	5.6
Cash Conversion Days	3	2	2	2	2
Valuations					
PER (x)	13.6	7.2	5.9	6.0	5.4
Price to book (x)	0.73	0.64	0.57	0.52	0.47

Source: SIAS Research

Group Structure



Source: Company

Board of Directors

KENNY YAP KIM LEE

EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

Mr Kenny Yap is the Executive Chairman and Managing Director of Qian Hu Corporation Limited, the only integrated ornamental fish service provider listed on the Mainboard of the Singapore Exchange.

Through his leadership, vision and passion for the industry, Kenny plays a key role in establishing Singapore as the Ornamental Fish Capital of the World, with Qian Hu accounting for around 5% of the global fish market. He has a string of awards to his name - Public Service Award (PBM) in 2004, Ernst & Young's Service Entrepreneur of the Year Award in 2003, Young Chinese Entrepreneur of the Year by Yazhou Zhoukan in 2002, one of the 50 Stars of Asia by Business Week in 2001, the PSB/International Institute of Management's International Management Action Award in 2000, and the Singapore National Youth Award in 1998.

More recently, in June 2008, he was named as one of the Top 10 Outstanding Entrepreneurs by China Education Television, Beijing Municipal Administrations of Cultural Heritage, Fortune Times, Phoenix Satellite and several other organisations in China.

Kenny graduated from Ohio State University (USA) with a 1st Class Honours degree in Business Administration. He currently serves as the Chairman for the Ornamental Fish Business Cluster initiated by AVA and is a member of the Action Community for Entrepreneurship (ACE). In 2007, Kenny was appointed by National Youth Council as the Chairman of the Youth Award (Entrepreneurship) Committee.

ALVIN YAP AH SENG

DEPUTY MANAGING DIRECTOR

Mr Alvin Yap, a founding member of the Group, oversees the Group's aquarium and pet accessories operations in his current capacity as Deputy Managing Director.

Alvin holds a diploma in Mechanical Engineering from Singapore Polytechnic and was the Managing Partner for Yi Hu Fish Farm Trading from 1988 to 1998. In 2000, Alvin, together with Kenny Yap and Andy Yap, was one of the Top 12 Entrepreneurs of the 12th Rotary-ASME Entrepreneur of the Year as well as a finalist at the 10th Rotary-ASME Entrepreneur of the Year in 1998.

ANDY YAP AH SIONG

DEPUTY MANAGING DIRECTOR

Mr Andy Yap, a founding member of the Group, heads the Group's ornamental fish operations as Deputy Managing Director.

Andy holds a diploma in Business Studies from Ngee Ann Polytechnic and was the Managing Partner for Qian Hu Fish Farm Trading from 1989 to 1998. In 2000, Andy, together with Kenny Yap and Alvin Yap, was one of the Top 12 Entrepreneurs of the 12th Rotary-ASME Entrepreneur of the Year as well as a finalist at the 10th Rotary-ASME Entrepreneur of the Year in 1998.

LAI CHIN YEE
FINANCE DIRECTOR

Ms Lai Chin Yee was the Group Financial Controller before assuming her current position as the Finance Director of Qian Hu Corporation Limited in November 2004. She is responsible for the Group's accounting, finance, treasury and tax functions. Prior to joining the Group in 2000, Ms Lai was an auditor with international accounting firms since 1987. She was a member of the Tax Advisory Committee of the Ministry of Finance from September 2004 to September 2006. She also served as a council member of the Council on Corporate Disclosure and Governance (CCDG) from December 2006 to August 2007.

Ms Lai holds a Bachelor's degree in Accountancy from the National University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore.

CHANG WENG LEONG
INDEPENDENT DIRECTOR

Appointed in October 2000, Mr Chang Weng Leong serves as Qian Hu's Independent Director. He is currently the Principal Consultant of Alchemy Business Consultants, and has many years of experience in various areas of management - such as quality management, environmental, human resource and business.

Mr Chang is the Chairman of the Remuneration Committee which oversees the remuneration of key executives of the Group. He also plays an active role in overseeing the Group's Human Resources as well as the maintenance and enhancement of the Group's information management systems in Singapore and overseas, especially in assisting new entities within the Group to establish their Management Information System seamlessly.

Mr Chang holds a Master of Science degree in Mechanical Engineering from the National University of Singapore. He is a registered Principal Auditor with the Institute of Quality Assurance (IRCA UK).

TAN TOW EE
INDEPENDENT DIRECTOR

Mr Tan Tow Ee was appointed in May 2002 as an Independent Director of Qian Hu Corporation Limited.

Mr Tan currently manages private funds and also provides consultancy services. He has more than 15 years of professional experience working with international corporations where he was managing their sizeable investments.

He holds an Honours degree in Finance from Ohio State University (USA). He is the Chairman of the Nominating Committee which assesses the Board's performance and effectiveness as well as the independence of directors. Also the Chairman of the Branding Committee, Mr Tan plays a pivotal role in developing Qian Hu's brand name into the region.

ROBSON LEE TECK LENG
INDEPENDENT DIRECTOR

Mr Robson Lee is a partner in Shook Lin & Bok's corporate finance & international finance practice and has been with the firm since 1994. He is also a partner in the firm's China practice, focusing on cross-border corporate transactions in the People's Republic of China.

With a LLB (Hons) from the National University of Singapore, Robson was appointed in October 2000 as an Independent Director and the Chairman of the Audit Committee of Qian Hu Corporation Limited. He runs an active practice advising corporate issuers in a number of industries ranging from high-tech, food and beverage, speciality chemicals and pharmaceuticals, and their underwriters in fund-raising and stock market flotations.

He is also the Secretary of the Board of Governors of Hwa Chong Institution and Hwa Chong International School as well as a trustee of the land on which the two schools are situated. He has structured a number of corporate finance transactions and advises public listed companies on securities transactions, cross-border mergers and acquisitions and foreign joint ventures. Robson also sits on a number of other listed companies as Independent Director.

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As of the date of the report, the analyst and his immediate family do not hold positions in the securities recommended in this report.

This research report is based on information, which we believe to be reliable. Any opinions expressed reflect our judgment at report date and are subject to change without notice.

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