

QIAN HU CORPORATION LIMITED

— STILL —

# SWIMMING AHEAD



**2009**

ANNUAL REPORT

STRONG FUNDAMENTALS

PRUDENT STRATEGIES

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## WHAT'S NEW IN THIS ANNUAL REPORT

- Interview with The Fish
- Chief Financial Officer's (CFO's) Review
- Expanded Investor Relations and People Development sections



# — STILL — SWIMMING AHEAD

## THEME RATIONALE

The turbulent global economic upheaval has wreaked much havoc in the corporate world in the earlier part of 2009, until green shoots of recovery are more evident in the latter part of the year. Weaker companies invariably suffered cuts and bruises, or even found themselves eliminated from the race; while stronger organisations managed to pull through the economic maelstrom in much better shape.

Qian Hu Corporation is fortunate to have completed the FY 2009 race much better than we had anticipated, and yes, we are still ahead of the pack, underscoring the resilience of our industry and business model to external shocks. During the year, we managed to grow all our core businesses, though not at the rate we wish due to the crisis. Nevertheless, we continue to swim furiously ahead.

## OUR VISION

- To become the world's Number 1 ornamental fish exporter
- To escalate the export of aquarium and pet accessories and build on our "Ocean Free" brand as one of the most recognised brand of aquarium accessories in the world
- To be the most innovative and profitable Dragon Fish breeder
- To be one of the top 3 manufacturers of aquarium accessories in China
- To expand distribution capabilities from owning the business to owning the customers

# — AT A — GLANCE

## Core Business

## Description

### Ornamental Fish



Qian Hu engages in breeding of Dragon Fish, farming, importing, exporting and distribution of ornamental fish. Through its distribution hubs in Singapore, Malaysia, Thailand and China, Qian Hu exports over 1,000 species and varieties of ornamental fish to more than 80 countries, reinforcing Singapore's premier reputation as the Ornamental Fish Capital of The World.

### Aquarium and Pet Accessories



Qian Hu sells pet accessories such as pet food, vitamins, shampoos, nail clippers, leashes and cages; and aquarium accessories such as fish food, tanks, pumps, filters, lightings, coral sand, pebbles and aquatic fertilizers. More than 3,000 types of aquarium and pets accessories are sourced from more than 30 major manufacturers and principals and distributed to local retailers and wholesalers in Asia and Singapore.

### Plastics



The Group manufactures plastic bags for its own use in the packing of ornamental fish for sale. These plastic bags are also sold to third parties in the ornamental fish, food and electronics industries.

## About Qian Hu

Incorporated in 1998 and listed on the Singapore Exchange since 2000, Qian Hu Corporation Limited is an integrated ornamental fish service provider ranging from breeding of Dragon Fish, as well as farming, importing, exporting and distributing of well over 1,000 species and varieties of ornamental fish from all over the world. It also manufactures and distributes a wide range of aquarium and pet accessories.

## Our Brands



**Ocean Free** for aquarium products



**BARK** for dogs



**Aristo-Cats YI HU** for cats

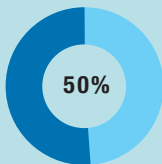


**Delikate** for small animals such as rabbits and hamsters

## Our Global Footprint

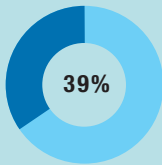


## Revenue

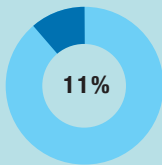


## Developments in 2009

- New breeding facilities have since been added at our Singapore and Malaysia farms, thus securing a more reliable supply of Dragon Fish
- Sales of Dragon Fish continue to grow in tandem with other ornamental fish
- Region's biggest exporter of ornamental fish capturing more than 5% of the world market share



- Currently exporting to approximately 35 countries (target: 50 countries within the year)
- Substantial jump in operating profit due to better profit margins and operational efficiency of Guangzhou factory
- With 289 distribution points in China (target: over 400 locations by end Year 2010)

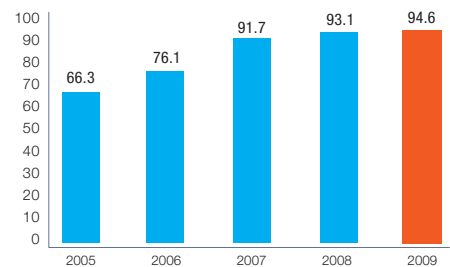


- Lower revenue as a result of lower selling prices
- However, with efficiency and cost controls profitability and margins increased substantially
- Continues to be a cash cow business for the Group
- Focus on generating revenue through selling more varieties of plastics products to a larger customer base

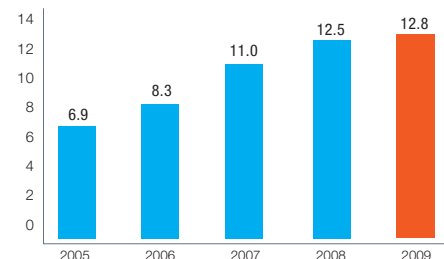
## Our Business Model



## Revenue (\$'million)



## Earnings Before Interest, Taxation, Depreciation and Amortisation, (EBITDA) (\$'million)



# THE QIAN HU

## — STORY —



**1985**

Converted old pig pens into concrete ponds and bred guppies for local exporters.

**1989**

A severe thunderstorm wiped out all the guppies. Company was renamed Qian Hu which went on to farm High-Fin Loaches despite knowing very little about this fish. In one fell swoop, our entire stock of 4,000 Loaches died. We lost almost everything again, except the determination to rise up.

To this day, the High-Fin Loach serves as Qian Hu's mascot – which serves as a daily reminder to us.

**1990**

Expanded into the local wholesale distribution business with a wider range of ornamental fish and aquarium accessories.



**2001**

Established Guangzhou as our manufacturing hub for aquarium accessories.

**2002**

Transferred to Mainboard of the Singapore Exchange.

**2003**

Acquired Kim Kang Aquaculture – a leading Dragon Fish breeder in Malaysia.

Awarded the International Headquarters status from the Economic Development Board (EDB).

**2004**

Launch of "Qian Hu – The Pet Family" retail chain stores in Malaysia, China and Thailand.

Established subsidiary in Shanghai.

**2005**

Year of transformation and consolidation of the Group's businesses.



**OUR HISTORY CAN BE TRACED BACK TO THE EARLY DAYS OF THE COMPANY'S PIONEERS – TWO BROTHERS WHO WERE IN THE PIG FARMING BUSINESS – MR YAP TIK HUAY, THE FATHER OF OUR EXECUTIVE CHAIRMAN KENNY YAP, AND HIS BROTHER, MR YAP HEY CHA, FATHER OF OUR DEPUTY MANAGING DIRECTORS ALVIN YAP AND ANDY YAP.**



**1993**

Foray into the China market with a joint venture in Beijing, supplying cold-water ornamental fish and aquarium accessories.

**1995**

Awarded three ISO 9002 certifications and an ISO 14001 for environmental management system.

**1997**

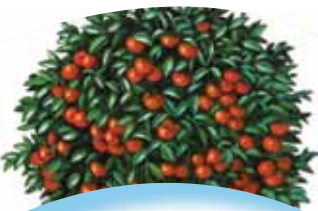
Launched auto-packing machinery for packing of fish.

**1999**

Expanded the accessories distribution to Malaysia, China and Thailand.

**2000**

The year Qian Hu became a public listed company!



**2006**

A turnaround year for Qian Hu as all of its core business did well, including the 12 retail chain stores in Malaysia, Thailand and China.

**2007**

Acquisition of a 20% stake in UK-based Arcadia Products PLC.

**2008**

Spearheaded cutting-edge research on in-vitro breeding of pedigree Dragon Fish.

**2009**

Set up a joint venture company in Chennai, India

First SME in Singapore to win the Singapore Quality Award twice – in 2004 and 2009.

First company in the history of the Singapore Corporate Awards to bag 4 awards in the same year, namely, Best Managed Board (Merit); Chief Financial Officer of the Year; Best Investor Relations (Bronze) and Best Annual Report (Gold), amongst companies with less than \$300 million in market capitalisation.

# CHAIRMAN'S

— MESSAGE —



QIAN HU WILL SOON MOVE TOWARDS BECOMING A DEBT-FREE COMPANY, AND WILL BE IN A STRONGER POSITION TO DECLARE DIVIDENDS MORE LIBERALLY. IN THE LONGER TERM, WE AIM TO BE A HIGH DIVIDEND YIELD COMPANY.

**KENNY THE FISH**

Executive Chairman & Managing Director



My dear bosses,

2009 was a very challenging year, not just for Qian Hu, but also for just about every company in the world! The economic crisis had been too swift and broad-based. While it is realistic not to expect that everyone is able to make it through the perfect storm unscathed, it is comforting to know that some do emerge fitter and stronger nevertheless.

I am glad, actually relieved, to report that we have finished FY 2009 much better than we had anticipated, and yes, we are still ahead of the pack, particularly in the ornamental fish industry. Thankfully, our industry is relatively resilient to external economic forces. Moreover, Qian Hu's business model is based on our market capabilities, strong fundamentals and prudent strategies. As such, we managed to fare better than others. During the year, we managed to grow all our core businesses, though not at the rate that we had hoped to achieve. Nevertheless, we continued to swim furiously ahead.

#### **FY 2009 Performance & Business Review**

Despite year 2009 was a recession year, we not only managed to set up an accessories manufacturing entity in India, we also managed to expand our Singapore farm operation, reduced our debts and at the same time, increased our cash generated from operations. Our conscious effort in containing costs and increasing productivity helped the Group to grow its profitability at a faster pace than revenue, in percentage terms.

During the year in review, the Group posted an 8.3% rise in net profit to \$6.5 million on the back of a 1.7% increase in revenue boosted by overall sales improvement of our core ornamental fish and accessories businesses.

Based on the Group's latest full-year results, its earnings per share on a fully diluted basis grew on a year-on-year basis from 1.36 Singapore cents to 1.48 Singapore cents, while net assets backing per share rose from 15.11 cents as at 31 December 2008 to 16.40 cents as at 31 December 2009.

The Group is currently the region's biggest exporter of ornamental fish, capturing more than 5% of global market share. This is set to grow as the Group expands its export distribution, particularly focusing on high-growth regions such as the Middle East, Eastern Europe, China and India.

Our accessories business is poised for even stronger momentum of growth. Through our 20% stake in Arcadia, and the setting up of a marketing base in London, we aim to increase the visibility of the Qian Hu brand in the European continent and target to increase our export of aquarium and pet accessories to about 50 countries within the year, up from the current 35 countries.

In 2009, we forged a joint venture in India – the second largest and fastest growing market in Asia! You know, for a small company such as Qian Hu, finding the right partner is sometimes an insurmountable challenge. I am so glad to have found the right partner in India to set up a 50-50% joint venture in Chennai which will initially produce fish food and manufacture fish tanks. In the near future, this joint venture company – Qian Hu Aquasstar -- will manufacture more types of aquarium accessories and when the time is right, it plans to distribute live fish for both the Indian and overseas markets. We hope that eventually Chennai will become a major hub in Qian Hu's distribution network along with our other hubs in Singapore, Kuala Lumpur, Bangkok, Beijing, Shanghai and Guangzhou.

In January 2010, Qian Hu announced that it has signed a licensing agreement with Singapore-based Clean World Environment and Renewable Pte Ltd who jointly developed the revolutionary Hydro-Pure technology that is capable of enhancing the natural filtration processes in aquariums by as much as 50% when compared to conventional filtration systems.

This energy-efficient Hydro-Pure technology is eco-friendly and truly the first of its kind in the world. It can also be applied to other areas in the ornamental fish industry as it promotes a natural, chemical free environment for all aquatic lives. We are aiming to produce a series of aquarium products that will revolutionise the ornamental fish industry. We expect that these new products will provide an added boost to the Group's accessories export business and propel Qian Hu to a whole new level in the global accessories market.

#### **Dividend**

In the year just ended, the Group continued to generate strong operating cash flow which rose by 24.6% to \$12.2 million, contributing to net cash generated of \$9.8 million, an increase of 46.9% from a year ago.

## CHAIRMAN'S MESSAGE

In view of Qian Hu's continued strong cash flow generation, the Directors declared a 150% jump in its first and final dividend to shareholders of 0.5 Singapore cents per ordinary share, which if approved by shareholders at our Annual General Meeting to be held on 16 March 2010, will be paid out on 12 April 2010. This is the highest absolute cash amount that the Group has ever declared.

### The Road Ahead

How time flies! This year, Qian Hu celebrates our 10<sup>th</sup> year as a listed company on Singapore Exchange. With the global economic crisis tapering off, and as the recovery gains traction, we continue to be vigilant, and will continue to grow our revenue. Barring unforeseen circumstances, we envisage continued growth in our revenue and profitability in 2010.

We are looking out for investment opportunities in new markets such as Indonesia and Vietnam, where we intend to set up subsidiaries within the next four years. These investments are not expected to be significant, and will be funded from our operating cash flow. As such, we do not foresee any major capital expenditure going forward, and along with our consistency in generating cash from operating activities, Qian Hu will soon move towards becoming a debt-free company, and will be in a stronger position to declare dividends more liberally. In the longer term, we aim to be a high dividend yield company.

Qian Hu will be moving faster to achieve our long-term goals of being the world's Number 1 ornamental fish exporter. To attain this goal, we will need to grow our accessories business to be on par with our ornamental fish business in terms of revenue contribution as well as export coverage; to have the widest distribution in China and India, and to take our R&D initiatives to a whole new level. More importantly, Qian Hu will need to stay nimble, flexible, and adapt to changes in the business environment. We will continue to focus on what we do best.

Indeed, pursuing business excellence is a journey. This year, we are honoured to have received four accolades in the 2009 Singapore Corporate Awards – namely the Best Managed Board (Merit); Chief Financial Officer of the Year; Best Investor Relations (Bronze) and Best Annual Report (Gold). The Group was also the first and only SME to date to have been awarded the Singapore Quality Award twice – in 2004 and 2009. We are also pleased that our commitment to grow our people won us the People Excellence Award.

### Appreciation

These achievements would not have been possible without the support of everyone in the Qian Hu family – my fellow Directors on the Board, our management team, staff, business associates and shareholders.

Qian Hu will not just revel in our ability to swim ahead. The next few years will not just be about swimming ahead, but our ability to be even more resilient to external economic situations, even as we focus on investing in our people, in R&D, and in rewarding our shareholders. Sure, life will become increasingly challenging but therein lies the fun. Qian Hu specialises in bringing fun to everyone all over the world.

Have a successful 2010!



**Kenny The Fish**

Executive Chairman & Managing Director

## 主席的话

### 各位老板们好！

2009年对仟湖和世界各地的企业来讲无疑是个充满挑战的一年。一场突如其来的金融海啸，牵连了极为广泛的领域与行业。说实在的，凡是认为自己能够毫发无伤地安然度过这场风暴的企业，我只能以不切实际来回应。可是大家要知道，在雨过天晴后，大家将能够以更茁壮的姿态继续向前迈进是值得让我们感到欣慰的。

说实在的，当我们总结2009年时的业绩时，仟湖的表现比我们预期所想象的还要好令我感到非常的欣慰。没有错- 仟湖仍然走在前端，尤其是在观赏鱼领域。值得庆幸的是，由于我们所属的行业规模较小又属于较为特殊性质的领域。在某种程度上来说比较能够抵御目前的经济危机。此外，仟湖的经营模式是建立在良好的市场能力和采取谨慎的商业策略的稳固基础上。这也是为什么仟湖在与其它公司相比之下能够略胜一筹的主要原因。在2009年里，虽然增长步伐无法达到我们所期望，可是总的来说我们所有的核心业务还是够取得了一定的增长。尽管如此，我们不会感到气馁而仍然会继续的向前迈进。

#### 回顾2009年的表现

尽管2009年是属于经济衰退的一年，我们还是能够在印度设立公司生产水族宠物器材，扩大我们新加坡的鱼场，进一步减低集团的债务，并且在同一时间，努力的增加我们的现金流量。加上在我们谨慎严格的控制我们的成本与开销以及提高生产力等努力下，使得我们的整体利润增长的步伐较快于销售额的增长。

在2009年，观赏鱼业务和水族宠物器材业务的整体销售额取得了1.7%至9460万新元的增长使得我们的净利润上升了8.3%达650万元。

根据集团最新公布的全年业绩，每股盈利按年计算从截至2008年的1.36分上升到2009年的1.48分，而每股净资产值从截至2008年12月31日的15.11分上升到截至2009年12月31日的16.40分。

目前，仟湖是亚洲最大的观赏鱼出口商，占全球市场之5%以上。这个占有率在我们进一步努力地扩展我们的出口分销点下将逐步上升。仟湖也将会把焦点锁定在高增长地区，如中东，东欧，中国和印度。

我们的水族宠物器材业务也将进入另一阶段的增长。通过我们在Arcadia持有20%的股权和设立于英国伦敦的营销处，我们会继续努力提高仟湖品牌在欧洲市场的知名度。另外我们计划在一年内将我们的水族宠物器材出口国从目前的35个国家提升到50多个国家。

在2009年，我们与亚洲第二大和增长最快的消费市场- 印度展开了一项合资计划！要知道，对于如仟湖般规模的小公司来讲，要寻觅一个合适的合作伙伴，其实是项莫大的工程。我们能够在印度寻觅到拥有与仟湖相同的理念和价值观的合作伙伴，让我感到无比的高兴。这项在合资计划所成立的50-50%公司- 仟湖Aquasstar，初期阶段将着重与鱼类饲料和鱼缸的生产并且逐步计划生产各类的水族宠物器材。在时机成熟时，仟湖Aquasstar将进一步从事观赏鱼进出口及在印度国内分销的业务。我们的长远计划是希望印度- 钦奈能够成为集团的分销网络枢纽之一，就如同新加坡，吉隆坡，曼谷，北京，上海和广州一样。

在2010年1月，我们和Clean World Environment and Renewable Pte Ltd 签署了一项许可协议携手展开一项采用崭新的水电纯技术所研发（Hydro-Pure technology）的新产品。这项新产品与传统的过滤系统相比能够更好的过滤水缸里的水高达50%。

这项世界首创的水电纯技术除了高效节能之外它也是一项非常环保的技术。由于这项技术能够非常好的提倡水族生物的自然生活环境使得它非常适合应用与观赏鱼领域。我们计划生产一系列能够改革现时的观赏鱼行业的水族宠物器材。我们预计这些新产品将能够推动集团的水族宠物器材出口的营业额并且有助于将仟湖所生产的水族宠物器材业务推向另一个崭新领域。

#### 回馈股东

集团在2009年财政年里继续提高我们的现金流量以至集团的营运现金流量上扬了24.6%至1220万新元。净现金流量为980万新元。与去年同期相比集团的净现金流量上升了46.9%。由于集团强劲的现金流动，董事局建议派发比以往高出150%的每普通股0.5分的一次过年终股息以回馈股东们的支持。建议若在2010年3月16日的股东周年大会取得通过，股息便会在2010年4月12日派发。如此高的股息派发金额，是集团不曾宣布过的。

#### 展望未来

一转眼就是十年的岁月！2010年更是仟湖在新交所上市的第十个年头！虽然全球经济危机逐渐萌芽，但是我们将继续保持警觉并且努力提高我们的业绩。在不排除不可预见的情况下，仟湖有信心在新的财政年里我们的业绩仍然能够保持着稳健的增长。

仟湖仍然在寻找新的投资机会开拓新的市场，如印尼和越南。我们计划在未来四年里这些国家设立子公司。由于我们将会运用我们的营运现金来进行这些投资活动，所以我们预计这些投资将不会对我们的财务状况造成任何的负面影响。我们也不认为我们会有其它庞大的资本开支，加上我们业务将保持以往稳健的增长步伐和我们将持续的提高我们的现金流量，我相信仟湖会在不久的将来能够成为一家零债务的公司。到时候，我们便能够以更好的姿态拟定更优越的股息派发来回馈支持我们的股东们。仟湖的长远目标是成为一家能够为股东们提供高回报率的的公司。

仟湖将加快步伐实现我们成为世界第一的观赏鱼出口公司的目标。为了实现这个目标，有几件事是我们必须做的。我们必须将集团水族宠物器材的营业额和出口国提高至观赏鱼业务的水平。我们必须在中国和印度拥有最广泛的分销网络。我们必须将我们的研发工作提高至一个崭新的水平。更重要的是，仟湖必须时刻保持敏捷和灵活的状态以更好的适应变化莫测的商业环境，并专注于我们的强项。

对于任何企业来说，追求卓越一个漫长的旅程。今年，我们非常荣幸地获得了2009年新加坡企业奖中的四项奖项，分别为最佳管理董事会（优异奖），年度财务总监，最佳投资者关系奖（铜奖），最佳公司年报奖（金奖）。另外，仟湖也是首家与目前唯一两度荣获新加坡素质奖的中小型企业（2004和2009年）。我们致力培育我们的员工也让我们获得了人力卓越奖。

#### 由衷的感谢

如果没有我们的董事局成员，和我们一起努力的同仁，我们的合作伙伴还有各位股东们的支持，仟湖想要达这些成就简直是不可能的任务。

仟湖接下来的新篇章将不会只是一味的往前游，而是要不断培育人才，提高我们的研发能力，和更好的回馈股东们并且继续加强我们抵御外在经济因素的风险。新的篇章会越来越具有挑战性，但也将越有意思。仟湖的强项就是将欢乐带给大家。

愿迈向更丰收的一年！

#### 叶金利


执行主席兼总裁



# — INTERVIEW WITH —

# THE FISH


Is the fish pet business recession proof? Which country or segment of your business has performed exceptionally well despite the poor economic outlook?

 *Pets are an emotionally attached product. I would think few would abandon or put their pets to sleep when they lose their jobs. In Asia, when times are bad, some people's belief in Fengshui intensified. Keeping fish is very much in tune with Fengshui principles as "fish" and "water" symbolises "abundance" and "wealth" in the Chinese language.*

*In other parts of the world, people stay home more during economic downturns and travel less. As such, they do more indoor activities which include keeping fish as pets.*

*We think that developing countries such as China and India will perform better as they are less affected by the financial crisis. We still hope to grow in all segments of our business during this challenging time!*

I would like to seek your opinion on the effects of climate change. Do you think the rising temperature caused by carbon emissions will affect fish breeding businesses like yours? What eco-friendly measures does Qian Hu take to reduce its carbon footprint?


 *Evolutionary theory indicates that species will evolve according to the changing environment. I believe many species will survive through evolution.*

*Advance farming techniques rely less on environmental factors as it harnesses the marvel of technology to control climate artificially. Many farmers are doing this and coupled with their strong R&D capabilities and training of skilled workers, they are able to cope with the environmental impact.*


*Qian Hu is an ISO 14000 certified company since 1998. ISO 14000 environmental management standards exist to help organisations minimise how their operations negatively affect the environment (cause adverse changes to air, water, or land), as well as comply with applicable laws and regulations.*

*The standard helps to reduce the negative impact to the environment, natural resource wastages and business cost. This is why I frequently refer Qian Hu as an "EQ" company, which means "Environmentally Friendly" and "Quality Assured" company.*

Banks have tightened granting credit to SMEs. How has this affected Qian Hu in terms of access to credit and interest rate when obtaining or renewing a bank loan?

 *Banks still need to do business and as long as the company's cash flow is healthy and profitable, they are generally quite supportive.*

Wages constitute a major part of Qian Hu's operational cost. What measures has the company taken to control wage cost?

 *Qian Hu's employees are the most valuable asset we have. We will continue to train them and give them pay increment based on their work performance. Our cost control measures include increasing productivity and efficiency of our work-flow process, using creative methods to do marketing and sales and leveraging on our brand equity and supply chain to achieve economies of scale, just to name a few.*

China seems to be one of the fastest growing market for Qian Hu. Would Qian Hu consider starting a fish farm in China if the demand continues to escalate? What steps have Qian Hu embarked on to protect its intellectual properties?

 *China's emerging domestic consumer market potential is of growing importance to Qian Hu, as with many other companies around the world who cannot ignore this rising superpower and its huge consumer market.*

*Our current capability in any market is to establish a distribution network, farms or factories to support our growth strategy. Should the demand in China calls for a larger fish farm in China, we will do it. Currently, we have a small fish farm in Beijing.*

*Established distribution network, mutually trustworthy strategic partners, quality assured products, product differentiation, innovative R&D and effective marketing strategies are ways to protect the intellectual properties for many companies. Qian Hu is moving towards these strategies.*

Is Qian Hu avoiding leverage due to risk aversion? I feel that debt can be used to improve ROE. Excess cash can be used to invest in properties to reap long term capital appreciation for the shareholders. What do you think?



*With only two more countries on our expansion plan, namely Indonesia and Vietnam, we do not foresee to incur a substantial amount of capital expenditure or investments in the foreseeable future. Going forward, we will be gradually moving towards being a debt-free and high dividend yield organisation.*

*When it comes to cash flow management, I prefer to adopt a more prudent policy that is to have as little debt as possible on the Group's balance sheet. This does not mean that Qian Hu is averse to taking calculated risks, but it cannot be at the expense of excessive leverage.*

*If you look at Qian Hu's long term prospects, one of the things I've mentioned is that the Company needs to focus on things that it knows and does best. I believe Qian Hu should not invest in an industry that it is unfamiliar with, such as property, electronics, etc. I prefer cash to fixed assets investments. Moreover, should we have excess cash, it would be better that we distribute the cash as dividends to shareholders.*

Has Qian Hu considered aligning all its various brands like "Ocean Free" and "BARK" into a common brand like "Qian Hu" to save on marketing cost and have a unified branding strategy?



*We had many branding projects and exercises over the years and decided to have two categories of brands. One is the company brand, "Qian Hu" and the other, product brands for each category of business activities such as "Ocean Free" for aquarium accessories and "Bark" for dog products, etc.*

*So far it has worked well for Qian Hu. I am open to the option of eventually having one core brand for all of our products considering the pros and cons of doing so.*

Do you own the retail stores or lease them? What's your strategy on the location of retail stores? Are they mostly in the rural or urban areas? Do you think the retail or distribution strategy is more profitable in the long run?



*We currently lease space for all of our retail stores.*

*We decide where to open our stores depending on the location, rental, size and distance between our operating outlets. It could be in the rural or urban areas depending on whether it meets the criteria listed above.*

*In some countries, we have a mixture of Retail and Distribution and in others, either only Retail or Distribution.*

*Our retail business gives us more profit margin but our global distribution business gives us similar profitability because of the volume and economies of scale.*

*Both businesses have important roles in Qian Hu as we deploy our Retail and Distribution strategies globally according to the market demand of each country.*



— BOARD OF —  
**DIRECTORS**



FROM LEFT TO RIGHT:

**LAI CHIN YEE** FINANCE DIRECTOR    **ANDY YAP AH SIONG** DEPUTY MANAGING DIRECTOR  
**ALVIN YAP AH SENG** DEPUTY MANAGING DIRECTOR  
**KENNY YAP KIM LEE** EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR  
**ROBSON LEE TECK LENG** INDEPENDENT DIRECTOR  
**TAN TOW EE** INDEPENDENT DIRECTOR    **CHANG WENG LEONG** INDEPENDENT DIRECTOR



### **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 more than 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 1<sup>st</sup> 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. He also serves as a council member of the Corporate Governance Council with effect from 1 February 2010.

### **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 12<sup>th</sup> Rotary-ASME Entrepreneur of the Year as well as a finalist at the 10<sup>th</sup> 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 12<sup>th</sup> Rotary-ASME Entrepreneur of the Year as well as a finalist at the 10<sup>th</sup> 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 appointed by the Ministry of Finance as a member of the Tax Advisory Committee 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. She is currently a member of the CFO Committee of the Institute and Certified Public Accountants of Singapore.

Ms Lai graduated with a Bachelor degree in Accountancy from the National University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore. In 2009, Ms Lai was named the Chief Financial Officer of the Year (companies with less than \$300 million in market capitalisation) at the Singapore Corporate Awards.

## BOARD OF DIRECTORS

### **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.

### **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.

### **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 establish their Management Information System seamlessly.

Mr Chang holds a Masters 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).

# — SENIOR — MANAGEMENT

SINGAPORE



CHINA



MALAYSIA



THAILAND



INDIA



FROM LEFT TO RIGHT:

**SINGAPORE:** YAP KIM CHOON, RAYMOND YIP CHEE WANG, LOW ENG HUA, LEE KIM HWAT, ALEX CHANG KUOK WEAI

**CHINA:** LEE KONG MENG, BOB GOH NGIAN BOON

**MALAYSIA:** GOH SIAK NGAN, THOMAS NG WAH HONG

**THAILAND:** JIMMY TAN BOON KIM, VIRAVAT VALAISATHIEN

**INDIA:** GUY ROBERT



## SENIOR MANAGEMENT

### SINGAPORE

#### Low Eng Hua

Group General Manager

Mr Low joined the Group in 2001 and is responsible for the overall management and business development of the Group. Prior to joining the Group, Mr Low worked in Engage Electronics (S) Pte Ltd from 1993 to 2001 where he rose through the ranks from Application Engineer to Deputy Operations Manager. Mr Low holds a Bachelor's degree in Engineering from the National University of Singapore.

#### Yap Kim Choon

Division Head  
Wan Hu Division

As one of our founding members, Mr Yap joined the Group in 1988 as the division head of Wan Hu division. He specialises in the rearing and breeding of Dragon Fish and has helped the Group win prizes in international competitions.

#### Raymond Yip Chee Wang

Senior Manager  
Group Human Resource

Mr Yip has been in human resource management for over 20 years, with diverse experiences working in various industries, including NTUC electronic sector unions, ship-repair, hotel and trading companies. He joined the Group in 2003 to set up the Human Resource department. He is responsible for the daily human resource activities in Singapore and the overseas subsidiaries. Since Qian Hu achieved the SQA status, he has been actively involved in sharing the SQA framework with other organisations and implementing the framework to the various subsidiaries.

#### Lee Kim Hwat

Managing Director  
Qian Hu Tat Leng Plastic Pte Ltd

Mr Lee has been overseeing and managing the operations and business development of Qian Hu Tat Leng for more than 15 years. He is responsible for the growth of the Group's plastics business.

#### Alex Chang Kuok Weai

Head  
Group Integrated R&D Department

Mr Chang joined the Group in January 2009. With degrees in Aquatic Science and Microbiology from University of Queensland and Royal Melbourne Institute of Technology, Mr Chang is the main coordinator in the Group's R&D collaboration with Temasek Life Sciences Laboratory.

Mr Chang was both lecturer at Ngee Ann Polytechnic and Head of its Centre for Aquatic Science and Technology before joining Qian Hu. Prior to that, he was a technical staff member at DSO National Laboratories' Centre for Biological and Chemical Defence. In 1998, he headed a freshwater crayfish research company.

Mr Chang currently serves as a member in the Ornamental Fish Business Cluster Committee initiated by AVA and has authored a book on the Asian Cichlasoma.

### CHINA

#### Lee Kong Meng

General Manager  
Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd

Mr Lee joined the Group in July 2009 and is responsible for the overall business operations and management of our Guangzhou manufacturing facility. Prior to joining the Group, Mr Lee worked in various senior management positions in Philips (Singapore), Black & Decker (Singapore & China), Allied Telesyn (Singapore & China), Jacuzzi (China), and United Pacific Industries (China). He holds a Bachelor's degree in Business Administration from the International Management Centre Buckingham, UK and a diploma in Electrical Engineering from Singapore Polytechnic.

### **Bob Goh Ngian Boon**

General Manager  
Beijing Qian Hu Aquarium and Pets Co., Ltd  
Shanghai Qian Hu Aquarium and Pets Co., Ltd

Mr Goh joined the Group in 2001. He was appointed General Manager of our Guangzhou operations in 2005 and was transferred to oversee our Beijing and Shanghai operations in August 2007 and January 2008 respectively to handle the day-to-day operations and system implementation. Prior to joining Qian Hu, Mr Goh was a Brand Manager and has managed several high-profile international brands. Mr Goh holds a diploma in Business Studies from Ngee Ann Polytechnic.

### **MALAYSIA**

#### **Goh Siak Ngan**

Managing Director  
Kim Kang Aquaculture Sdn Bhd

Mr Goh is the founder of Kim Kang, and has over 20 years of experience in breeding Dragon Fish. In 1992, he started his own farm in Batu Pahat which not only specialised in the breeding of Arowana but Arapaima Gigas and Red Gourami as well.

#### **Thomas Ng Wah Hong**

Managing Director  
Qian Hu Aquarium and Pets (M) Sdn Bhd  
Qian Hu The Pet Family (M) Sdn Bhd

Mr Ng is responsible for the overall business development of Qian Hu Malaysia. Prior to joining the Group in 1998, Mr Ng was a director of Guan Guan Industries Sdn Bhd since 1990, and Agemac Verdas (Malaysia) Sdn Bhd from 1996 to 1998. He holds a diploma in Civil Engineering from Singapore Polytechnic.

### **THAILAND**

#### **Jimmy Tan Boon Kim**

Managing Director  
Thai Qian Hu Company Limited  
Qian Hu Marketing Co Ltd

Mr Tan oversees the business operations and business development of the Group's subsidiaries in Thailand.

Prior to his current appointment in 2002, Mr Tan was the division head of Daudo division, overseeing the import, export and wholesale of ornamental fish. He was also the sole proprietor of Daudo Aquarium for 9 years and a partner of Sea Palace Tropical Fish for 6 years.

#### **Viravat Valaisathien**

General Manager  
Thai Qian Hu Company Limited

Mr Valaisathien, a law graduate from St John's University in Thailand, was appointed General Manager of Thai Qian Hu in 2002. He is responsible for the company's purchasing and domestic sales activities as well as to handle its day-to-day operations.

### **INDIA**

#### **Guy Robert**

Managing Director  
Qian Hu Aquasstar (India) Private Limited

Mr Robert joined the Group's joint venture company in Chennai, India in 2009 as its Managing Director. Armed with a bachelor's degree in physics and an MBA in human resource, Mr Robert has over 10 years of experience in human resource, investor relations, policy making and evaluation in various multinational companies in the Subcontinent.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN AND  
MANAGING DIRECTOR

**KENNY YAP KIM LEE**

DEPUTY MANAGING DIRECTOR

**ALVIN YAP AH SENG**

DEPUTY MANAGING DIRECTOR

**ANDY YAP AH SIONG**

FINANCE DIRECTOR

**LAI CHIN YEE**

INDEPENDENT DIRECTOR

**CHANG WENG LEONG**

INDEPENDENT DIRECTOR

**ROBSON LEE TECK LENG**

INDEPENDENT DIRECTOR

**TAN TOW EE**

## COMPANY SECRETARIES

**LAI CHIN YEE**

**YEOH KAR CHOO SHARON**

## INVESTOR RELATIONS CONTACTS

**KENNY YAP KIM LEE**

kenny\_yap@qianhu.com

**AUGUST CONSULTING PTE LTD**

**HO SEE KIM**

seekim@august.com.sg

## REGISTERED OFFICE

**No. 71 Jalan Lekar**

**Singapore 698950**

**Tel: (65) 6766 7087**

**Fax: (65) 6766 3995**

**Website: www.qianhu.com**

## SHARE REGISTRAR

**M & C SERVICES PRIVATE LIMITED**

138 Robinson Road

#17-00 The Corporate Office

Singapore 068906

## AUDIT COMMITTEE

CHAIRMAN

**ROBSON LEE TECK LENG**

MEMBERS

**CHANG WENG LEONG**

**TAN TOW EE**

## NOMINATING COMMITTEE

CHAIRMAN

**TAN TOW EE**

MEMBERS

**ROBSON LEE TECK LENG**

**CHANG WENG LEONG**

## REMUNERATION COMMITTEE

CHAIRMAN

**CHANG WENG LEONG**

MEMBERS

**ROBSON LEE TECK LENG**

**TAN TOW EE**

## AUDITORS

**KPMG LLP**

16 Raffles Quay

#22-00 Hong Leong Building

Singapore 048581

AUDIT PARTNER-IN-CHARGE

**LEE JEE CHENG PHILIP**

(appointed in financial year 2007)

## PRINCIPAL BANKERS

**DBS BANK LTD**

**BANK OF CHINA**

**OVERSEA-CHINESE BANKING CORPORATION  
LIMITED**

**MALAYAN BANKING BERHAD**

**UNITED OVERSEAS BANK LIMITED**



# GROUP STRUCTURE



## DIVISIONS

100%

**QIAN HU FISH FARM TRADING**

**YI HU FISH FARM TRADING**

**WAN HU FISH FARM TRADING**

100%

**QIAN HU TAT LENG  
PLASTIC PTE LTD**

2 Woodlands Sector, #03-35  
Woodlands Spectrum Singapore 738068  
Tel: (65) 6752 7258 Fax: (65) 6752 7258  
Website: www.tatleng.com

100%

**QIAN HU AQUARIUM AND PETS  
(M) SDN BHD**

Block E, Lot 6212, Kg. Baru Balakong 43300  
Balakong, Selangor Darul Ehsan, Malaysia.  
Tel: (603) 8961 5142 Fax: (603) 8961 5141

100%

**QIAN HU THE PET FAMILY  
(M) SDN BHD**

Block E, Lot 6212, Kg. Baru Balakong 43300  
Balakong, Selangor Darul Ehsan, Malaysia.  
Tel: (603) 8961 5142 Fax: (603) 8961 5141

100%

**BEIJING QIAN HU AQUARIUM  
AND PETS CO., LTD**

Dong Fish Farm, Bei Ma Fang Village,  
Jinzhang Town, Chao Yang District,  
Beijing, China.  
Tel: (8610) 8431 2255 Fax: (8610) 8431 6832

100%

**SHANGHAI QIAN HU AQUARIUM  
AND PETS CO., LTD**

No 28, Hong Xi Road, Zhu Di Town,  
Min Hang District, Shanghai, China.  
Tel: (8621) 5151 8611 Fax: (8621) 5151 8612

100%

**GUANGZHOU QIAN HU  
AQUARIUM AND PETS ACCESSORIES  
MANUFACTURING CO., LTD**

Li Hong Road, Dong An Industrial Park,  
Bi Village, XinHua Town, HuaDu District,  
Guangzhou, China.  
Tel: (8620) 8687 5062 Fax: (8620) 8687 5091

74%

**QIAN HU MARKETING CO LTD**

30/23 Moo 8, Klongnung,  
Klongluang, Pathumthani,  
12120 Thailand  
Tel: (662) 902 6447 Fax: (662) 902 6446

65%

**KIM KANG AQUACULTURE  
SDN BHD**

No. 5 & 6, Jalan Setiajaya, Taman Setia Jaya,  
83000 Batu Pahat, Johor, Malaysia  
Tel: (607) 415 2007 Fax: (607) 415 2017

60%

**THAI QIAN HU COMPANY LIMITED**

30/25 Moo 8, Klongnung,  
Klongluang, Pathumthani,  
12120 Thailand  
Tel: (662) 516 1155 Fax: (662) 516 1156

49%

**NNTL (THAILAND) LIMITED**

30/23 Moo 8, Klongnung,  
Klongluang, Pathumthani,  
12120 Thailand  
Tel: (662) 902 6447 Fax: (662) 902 6446  
*(The Group has voting control at  
general meetings and Board meetings)*

## ASSOCIATES

50%

**QIAN HU AQUASSTAR (INDIA)  
PRIVATE LIMITED**

No 23 Natarajan Nagar  
Madhavaram Bye Pass Road  
Madhavaram, Chennai, 600 060 India  
Tel: (91) 44 2553 0161 Fax: (91) 44 2553 0161

20%

**ARCADIA PRODUCTS PLC**

8 io Centre  
Salbrook Road  
Redhill RH1 5GJ  
United Kingdom  
Tel: (44) 1737 723838 Fax: (44) 1737 723815

# — OUR PROSPECTS — IN 2010



## Increase in our export of ornamental fish

Ornamental fish will continue to be an important core business activity of our Group. Currently, we export to more than 80 countries around the world from our export hubs in Singapore, Malaysia, Thailand and China. We believe that we are the region's biggest exporter of ornamental fish capturing more than 5% of the world market share. While we increase our efforts in expanding our export distribution to more countries around the world, we will focus on high-growth regions such as the Middle East, Eastern Europe, China and India.

## Escalation of our export of aquarium and pet accessories

Our export footprint for aquarium and pet accessories will continue to expand. Currently, we export our accessories products to approximately 35 countries (FY 2008: 30 countries) around the world but with limited presence in Europe. However, this is set to change through our 20% stake in Arcadia and the setting up of a marketing base in London.

Through these, we aim to increase our visibility in the European continent and target to increase our export of aquarium and pet accessories to about 50 countries within the year.

## Introduction of revolutionary, new-generation aquarium accessories

We have entered into an exclusive licensing agreement with Singapore-based Clean World Environment and Renewable Pte Ltd ("Clean World") who jointly developed the revolutionary Hydro-Pure technology that is capable of enhancing the natural filtration processes in aquariums by as much as 50% when compared to conventional filtration systems. This energy-efficient Hydro-Pure technology is eco-friendly and truly the first of its kind in the world. It can also be applied to other areas in the ornamental fish industry as it promotes a natural, chemical-free environment for all aquatic lives. Under the agreement, Clean World is responsible to develop the internal design of the filtration system while Qian Hu is responsible for the external design and commercialisation of the product. It is our intention to develop a series of these revolutionary aquarium products which will provide an added boost to our Group's accessories export business and propel Qian Hu to a whole new level in the global accessories market.



## **Sustained growth in breeding and sales of selective bred Dragon Fish in a transforming market**

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 set of genetically-selected brooder stocks whose quality are way above our competitors. Our Dragon Fish production efficiency will be enhanced as a result of our ability in sexing the brooder stocks and putting them in the right ratios for breeding.

Although the Dragon Fish market is undergoing a major metamorphosis due to more market players as well as changing demand in terms of the quality and phenotypes of Dragon Fish, we are confident that our Dragon Fish sales will continue to grow in Year 2010 with our expanded distribution network in China, while we continue to explore “non-traditional” Dragon fish markets in Asia and Europe by tapping on our strong network from our ornamental fish export business. In addition, the high quality selectively bred dragon fish will enable us to conquer a premium portion of the market which will increase our profit margin generated from the sales of these Dragon Fish.

## **Increase in our profit margin and cash flow generation**

Our Group’s current business model is now even more robust and diversified, after the completion of the restructuring exercise in FY 2006. Since then, our profit margins have shown improvement, and in FY 2009, our efforts in containing operating costs and increasing our productivity had helped to grow profitability at a faster pace than revenue, in percentage terms. As we are operating in the niche lifestyle and service industry, we believe that we can achieve a respectable profit margin by leveraging on our propriety brands, strong R&D efforts and an efficient supply chain management. Going forward, our focus is also on generating stronger cash flow from operating activities, and our internal target is that at least half of the Group’s profitability should be realised into cash.

## **Expansion of our regional domestic distribution network**

Our headquarters in Singapore, together with our subsidiaries in Bangkok, Kuala Lumpur, Beijing, Shanghai, and Guangzhou distribute ornamental fish and aquarium and pet accessories in their respective countries. The Singapore base should record organic growth, but we anticipate that the Thailand, Malaysia, and China markets will continue to grow healthily with much untapped markets. In China, we intend to further increase our distribution points from the existing 289 locations (from more than 150 locations in FY 2008) to approximately 400 locations by end Year 2010. Our newly set up joint venture in India will also enable us to expedite our penetration into the India market.

# — OUR LONG-TERM — PROSPECTS

## 1. To be the world's Number 1 ornamental fish exporter

Our long-term goal is to increase our global market share to 10% and our export markets to 100 countries, as we position ourselves to become the world's top ornamental fish exporter. We hope to achieve this by exporting more Dragon Fish to China, India and Vietnam. In FY 2009, we have established a joint venture in Chennai, India which we hope will enable us to establish an extensive distribution network within and beyond this Subcontinent. We are also casting our eyes for investment opportunities in Indonesia and Vietnam and to set up subsidiaries in these countries within the next four years. We believe these efforts will generate higher sales of our ornamental fish moving forward.

We will leverage on our research & development capability to improve our ornamental fish packaging technology and quarantine skills to further differentiate ourselves from the other industry players. We will also explore the feasibility of pursuing high-end agriculture, such as bio-secured farming of selected fish species. This will enable us to mitigate and to manage risks related to negative weather conditions that will affect fish farming so as to ensure the consistency in the supply of these fish species.

## 2. To improve revenue contribution from pet accessories

In FY 2009, revenue generated from our Ornamental Fish and Aquarium & Pet Accessories accounted for 50% and 39% of total revenue respectively. We expect the Accessories segment to increase its contribution, even as sales of Ornamental Fish segment continues to grow, until the sales mix is about equal between the two segments.

While the current mix of Accessories sales comprises of 90% from aquarium accessories and 10% from pet accessories, we expect sales of pet accessories to increase to about 50%, as we leverage on our own propriety brands, namely "BARK", "Nature Gift", "Aristo-Cats YI HU" and "Delikate".

## 3. To export our aquarium and pet accessories to more countries

We intend to grow our export of aquarium and pet accessories to as many countries as our ornamental fish export in five years' time. We aim to do this by cross selling our accessories products to our existing ornamental fish customers, as well as expand 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.

## 4. To have the widest distribution network in China & India

### *China*

We intend to further enhance our presence in China by increasing our marketing effort and leveraging on our premium brand status. We also plan to increase the number of distribution points to more than 500 locations in the next few years. As China becomes more prosperous, we will open up distribution points in the 2<sup>nd</sup>, 3<sup>rd</sup> or 4<sup>th</sup> tier cities.

### *India*

Our joint venture in Chennai, India will initially focus on the manufacturing of aquarium accessories and fish foods. However, we also intend to grow our distribution network for ornamental fish in various cities in India eventually. Similar to our vision for China, our aim is to have the widest distribution network in the Indian Subcontinent.



## 5. To strengthen our R&D commitment

We formed a R&D team in the Singapore HQ in the first quarter of 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 units for aquariums which, we anticipate, will revolutionalise the ornamental fish industry.
- (iii) Explore new forms of ornamental fish farming technology to meet the changing demands in the ornamental fish market such as a novel, efficient and rapid system to produce high quality and disease-free fish.

## 6. To be a debt-free and high dividend yield company

We do not expect to incur substantial amounts of capital expenditure or investments in the foreseeable future. Even if the possible investment opportunities in Indonesia and Vietnam mentioned earlier materialise in subsequent years, the investment amounts should not be significant, and this will be funded through cash generated from operating activities.

In view of the above, coupled with better cash management and the consistency in generating cash from operating activities with stable profits from all the entities within the Group, we believe that Qian Hu will soon move towards becoming a debt-free company with high dividend yield.

## 7. To change with the times, always differentiating ourselves

Our long-term growth depends on our ability to change and adapt to the business environment. We have demonstrated our tenacity by enduring the painful process of restructuring in FY 2004. Going forward, we will continue to build a knowledgeable workforce and be differentiated through product, service and business innovation. Ultimately, our aim is to build an organisation that will last for generations.

## 8. To stay focused in whatever we do

We are an integrated ornamental fish service provider and must always focus on our core competencies. Though a small company in a niche industry, we are one of the leaders in the global ornamental fish market. By staying focused and relentlessly pursuing business excellence, Qian Hu will one day become a bigger company with even better long-term prospects.

# GROUP FINANCIAL HIGHLIGHTS

## (5-YEAR STATISTICS)

	2009	2008	2007	2006	2005
<b>For the year (\$'000)</b>					
Revenue	94,611	93,062	91,720	76,111	66,267
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	12,776	12,520	10,977	8,307	6,948
Operating profit	9,440	9,191	7,919	5,311	4,088
Net profit attributable to equity holders	6,544	6,043	4,948	2,617	2,030
Operating Cashflow	12,238	9,819	8,650	9,362	7,193
Capital Expenditure	8,214	11,115	9,318	6,762	4,813
<b>At year end (\$'000)</b>					
Total Assets	103,767	100,512	88,823	75,589	68,421
Total Liabilities	34,547	37,778	33,190	26,837	22,726
Shareholders' Funds	59,226	53,591	47,998	42,487	40,525
Cash and Cash Equivalent	9,847	6,704	5,450	5,467	4,336
<b>Key ratios</b>					
Revenue growth (%)	1.7%	1.5%	20.5%	14.9%	1.2%
Net profit growth (%)	8.3%	22.1%	89.1%	28.9%	24.8%
Net profit margin (%)	6.9%	6.5%	5.4%	3.4%	3.1%
Debt-to-equity ratio (times)	0.50	0.60	0.60	0.54	0.50
Return on Shareholders' Funds (%)	11.0%	11.3%	10.3%	6.2%	5.0%
Return on Total Assets (%)	6.3%	6.0%	5.6%	3.5%	3.0%
<b>Per share information (cents)</b>					
Earnings per share	1.48	1.36	1.23*	0.64*	1.58
Net Assets per share	16.4	15.1	13.5**	37.9	35.5
Gross dividend per share - ordinary	0.50	0.20	-	0.6	0.5
Gross dividend per share - special	-	-	8.54	-	-
<b>Market capitalisation (\$'million)</b>					
at close of business on the first trading day after the announcement of audited results	74.02	39.45	68.18	42.53	31.57

\*after adjustment for rights and warrants issue in 2007

\*\* based on enlarged share capital after rights and warrants issue in 2007

# VALUE-ADDED STATEMENT

	2009 (\$'000)	2008 (\$'000)
Revenue earned	94,611	93,062
Less: Purchase of goods	(69,817)	(68,717)
<b>Gross value-added from operations</b>	<b>24,794</b>	<b>24,345</b>
Other operating income	132	161
Exchange gain	422	515
<b>Total value-added</b>	<b>25,348</b>	<b>25,021</b>
<b>Distribution:</b>		
To employees in salaries and other related costs	11,908	12,098
To government in corporate and other taxes	2,045	2,048
To providers of capital:		
- Interest paid on borrowings from banks	688	876
Retained for re-investment and future growth		
- Depreciation and amortisation	2,634	2,425
- Accumulated profits	6,544	6,043
- Minority interests	1,101	1,358
Non-production cost and income:		
- Bad trade receivables and allowance for doubtful trade receivables	299	195
- Allowance for (Write back of) inventory obsolescence	129	(22)
<b>Total distribution</b>	<b>25,348</b>	<b>25,021</b>
<b>PRODUCTIVITY DATA</b>		
	2009	2008
Number of employees	638	650
Value-added per employee (\$'000)	40	38
Value-added per \$ of employment cost	2.12	2.07
Value-added per \$ sales	0.27	0.27
Value-added per \$ of investment in property, plant and equipment	0.40	0.45

— CFO'S —  
**REVIEW**

FINANCE DIRECTOR  
**LAI CHIN YEE**





## THE YEAR 2009

- Delivered on its growth target, realised comparable revenue and an 8.3% increase in net profit attributable to equity holders against the backdrop of a challenging year. The Group's diversification business model proved robustness in a slowing global economic environment.
- Transformed into a market-focus and forward-looking company, capable of delivering improved net profit margin and sustainable profit.
- Generated strong operating cash flow, contributing to the increase in cash and cash equivalents by 46.9% from a year ago and the reduction in gearing ratio from 0.6x in FY 2008 to 0.5x in FY 2009.
- Invested a total of approximately \$8.2 million in the construction and expansion of the Group's Dragon Fish breeding facilities and additional quantity of brooder stocks in its Singapore and Malaysia Dragon Fish farms so as to strengthen its leadership position in existing market on the breeding of Dragon Fish and to gain access to new market.
- Incorporated a 50-50% joint venture company in Chennai, India, dealing in the manufacturing of aquarium accessories, such as fish food and aquarium tanks.
- Proposed a 150% increase in its first and final dividend of 0.5 cents per share for the financial year 2009 to its shareholders, paying up to at least \$2.1 million or 33% of its FY 2009 net earnings. It is the highest absolute cash amount the Group has ever declared.
- Formed a R&D team in Singapore HQ which focuses on the upgrading of the quality of ornamental fish export, development of a new range of revolutionary aquarium accessories and exploring new form of ornamental fish farming technology to meet the changing demand in the ornamental fish market.

### BUSINESS REVIEW

Qian Hu is an integrated “one-stop” ornamental fish service provider ranging from breeding of Dragon Fish, farming, importing, exporting and distribution of ornamental fish as well as manufacturing of aquarium and pet accessories and distributing them to local and overseas customers.

Currently, Qian Hu has presence in four countries, namely, Singapore, Malaysia, Thailand and China, which consists of nine subsidiaries and two associates (collectively known as “the Group”).

The Group has three main business activities - Ornamental Fish, Accessories and Plastics. For the financial year ended 31 December 2009, the Group recorded revenue of \$94.6 million, of which 89% was contributed by the core businesses Ornamental Fish and Accessories, while Plastics contributed the remaining 11%. The Ornamental Fish business accounted for the bulk of the Group's operating profit at 68%, compared to 22% from Accessories and 10% from Plastics.

#### ORNAMENTAL FISH

The Group engages in the total ornamental fish process, which includes import, export, breeding, quarantine, conditioning, farming, wholesale and distribution activities. The Group imports ornamental fish from countries in Southeast Asia, South America and Africa. It currently exports over 1,000 species and varieties of ornamental fish directly to more than 80 countries as well as distributes to local retailers and exporters. The “Qian Hu” Dragon Fish is increasingly regarded as a premium brand in China.

#### ACCESSORIES

The distribution of accessories complements the ornamental fish operations by providing a “one-stop” shop to meet customers' aquarium needs. The Group distributes more than 3,000 types of aquarium and pet accessories for more than 30 major manufacturers

and principals to local retailers and to wholesalers from approximately 35 countries and Singapore, including supermarkets operated by NTUC FairPrice, Cold Storage and Carrefour.

In addition, the Group has developed its propriety brands of aquarium and pet accessories under the name “Ocean Free”, “Delicate”, “BARK” and “Aristocats YI HU”. The Group also has production facilities in Guangzhou, China to manufacture aquarium accessories for the Group as well as for third parties.

#### PLASTICS

As an ancillary business, the Group manufactures plastic bags for its own use in the packing of ornamental fish for sale in a separate factory located in Woodlands. The plastic bags are also supplied to third parties in the ornamental fish, food and electronics industries.

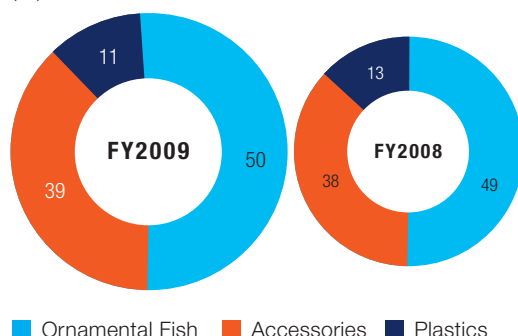
# FINANCIAL REVIEW

## INCOME STATEMENT

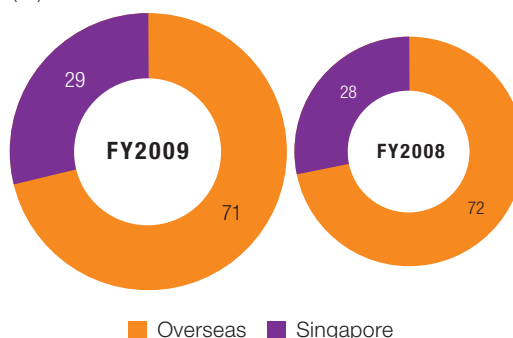
	2009 \$'000	2008 \$'000	Change %
<p><b>Revenue</b> - Increased by \$1.5 million or 1.7% mainly due to continuous effort in exploring and expanding the export market of Ornamental Fish and Accessories to more customers and to more countries around the world, coupled with the steady rising demand of Dragon Fish during the financial year. The subsidiaries in Malaysia, Thailand and China have also managed to expand their domestic distribution network in those countries to capture more sales during the financial year.</p>			
Revenue			
- Ornamental Fish	46,993	45,708	2.8
- Accessories	37,029	35,627	3.9
- Plastics	10,589	11,727	(9.7)
<b>Total revenue</b>	<b>94,611</b>	<b>93,062</b>	<b>1.7</b>
Less : Cost of sales	(61,901)	(59,992)	3.2
<b>Gross profit</b>	<b>32,710</b>	<b>33,070</b>	<b>(1.1)</b>
Add : Other operating income	132	161	(18.0)
Less : Operating expenses	(23,382)	(23,991)	(2.5)
Operating profit	9,460	9,240	2.4
Add : Share of losses of associates	(20)	(49)	(59.2)
<b>Profit before income tax</b>	<b>9,440</b>	<b>9,191</b>	<b>2.7</b>
Less : Income tax expense	(1,795)	(1,790)	0.3
<b>Profit for the year</b>	<b>7,645</b>	<b>7,401</b>	<b>3.3</b>
<b>Attributable to:</b>			
Equity holders of the Company	<b>6,544</b>	<b>6,043</b>	<b>8.3</b>
Minority interests	1,101	1,358	(18.9)
	<b>7,645</b>	<b>7,401</b>	<b>3.3</b>
<p><b>Income tax expense</b> - The income tax expenses and effective tax rate remained relatively consistent for both financial years. Despite the 1% reduction in Singapore corporate tax rate to 17% in FY 2009 and tax incentives granted for qualifying expenditures, the effective tax charge were higher than the amount obtained by applying the statutory tax rate on profit before income tax mainly due to varying statutory tax rates of different countries in which the Group operates.</p>			
<p><b>Profit attributable to equity holders of the Company</b> - Increased by \$0.5 million or 8.3%. Efforts in containing operating costs and increasing productivity grew profitability at a faster pace than revenue (in percentage terms).</p>			

## Revenue

REVENUE BY BUSINESS ACTIVITIES (%)



REVENUE BY GEOGRAPHICAL LOCATION (%)



	Financial year ended 31 Dec		Increase (Decrease)	
	2009 \$'000	2008 \$'000	\$'000	%
Ornamental Fish	46,993	45,708	1,285	2.8
Accessories	37,029	35,627	1,402	3.9
Plastics	10,589	11,727	(1,138)	(9.7)
	<b>94,611</b>	<b>93,062</b>	<b>1,549</b>	<b>1.7</b>

The Group's revenue increased marginally by \$1.5 million or 1.7% from approximately \$93.1 million for the year ended 31 December 2008 to \$94.6 million for the year ended 31 December 2009.

### ORNAMENTAL FISH

With the completion of the Group's new breeding facilities in the Malaysia and Singapore farms in end 2008 and in the 4<sup>th</sup> quarter of 2009 respectively, the Group is able to maintain a reliable supply of Dragon Fish. Its Dragon Fish sales continue to grow in tandem with the other ornamental fish revenue in the current financial year. With persistent marketing effort, the Group is able to strengthen its market position by increasing its export of ornamental fish to more customers and countries around the world from Singapore, Malaysia and Thailand, resulting in the improved ornamental fish revenue in FY 2009 as compared to the previous financial year.

### ACCESSORIES

With the accessories business being more export-oriented, the Group managed to leverage on its existing overseas distribution bases & network and the infrastructure available to explore more untapped markets with growth potential. The subsidiaries in

Malaysia, Thailand and China have also managed to continue expanding their distribution network in those countries to capture more sales in FY 2009 as compared to FY 2008. In addition, the manufacturing base in Guangzhou was able to further increase its revenue contributions throughout FY 2009 by securing, fulfilling and delivering increasing number of production orders every quarter.

### PLASTICS

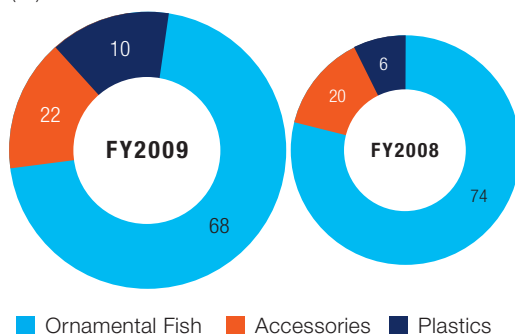
Revenue from plastics activities registered a decline in FY 2009 as compared to FY 2008 mainly due to adjustments made to the selling prices of the plastic products following the significant reduction in the costs of raw materials (resins – which fluctuate with the oil prices). Despite the reduction in revenue, it was able to command a better profit margin in the current financial year (please refer to commentary on profitability).

On a geographical basis, revenue from both Singapore and overseas grew marginally in FY 2009 as compared to FY 2008. Both the Singapore and overseas operations' constant effort in expanding their distribution network into untapped markets contributed to the increase in the Group's overall revenue.

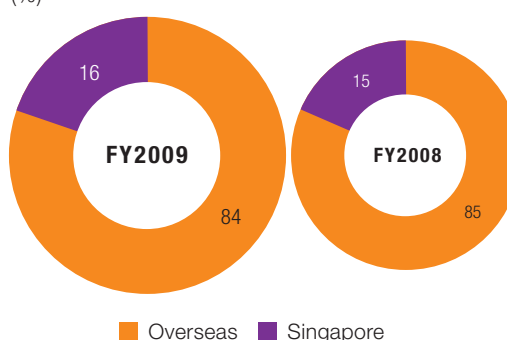


## Profitability

PROFIT BY BUSINESS ACTIVITIES (%)



PROFIT BY GEOGRAPHICAL LOCATION (%)



	Financial year ended 31 Dec		Increase (Decrease)	
	2009 \$'000	2008 \$'000	\$'000	%
Ornamental Fish	8,103	8,751	(648)	(7.4)
Accessories	2,631	2,425	206	8.5
Plastics	1,145	718	427	59.5
Unallocated corporate expenses	(2,439)	(2,703)	264	9.8
	<b>9,440</b>	<b>9,191</b>	<b>249</b>	<b>2.7</b>

Operating profit before taxation has increased by \$0.2 million or 2.7% to \$9.4 million as compared to the previous financial year. Profit after taxation attributable to equity holders increased by 8.3% from \$6.0 million in FY 2008 to approximately \$6.5 million in FY 2009. Despite a reduction in operating profit year-on-year, the ornamental fish business remained the main profit contributor in the current financial year.

### ORNAMENTAL FISH

Notwithstanding the higher revenue recorded, the operating profit from ornamental fish decreased in FY 2009 as compared to FY 2008 mainly due to lower sales of self-bred Dragon Fish which yielded better margin as compared to the sales of Dragon Fish sourced from third parties during the 1<sup>st</sup> half of the financial year. As the Dragon Fish fry (off-spring) needs three to six months to grow into marketable size, with the completion of the new breeding facilities in the Malaysia farm in end 2008, the consistent supply of the Dragon Fish only resumed in the 2<sup>nd</sup> half of 2009. Accordingly, the profitability of Dragon Fish improved with the sales of more of the higher margin self-bred Dragon Fish during the 3<sup>rd</sup> and 4<sup>th</sup> quarter of the financial year.

The reliant of the export of ornamental fish business continued to turn in consistent revenue and respectable profit margins.

### ACCESSORIES

With improved revenue generated and better profit margin contributions from the export of accessories, its profitability has shown improvement in FY 2009. In addition, the operational efficiency achieved by the Guangzhou factory with more production activities, has enhanced the profitability of the accessories business in FY 2009.

### PLASTICS

During the financial year, operating profit from plastics activities increased significantly by approximately 60% as compared to FY 2008 despite a reduction in revenue as it has since managed to recoup its profit margin which was eroded since the 2<sup>nd</sup> quarter of 2008 as a result of increasing raw material (resins) prices then. In addition, its profitability was further lifted in FY 2009 with the cost-saving measures put in place during the financial year.

### UNALLOCATED CORPORATE EXPENSES

These were staff costs and administrative expenses incurred in relation to the overseeing of both the Group's local and overseas operations. The lower corporate expenses reported in FY 2009 were due to conscientious effort made to contain operating costs, which was in accordance with the Group's objective to be more productive and efficient in the long run.

## FINANCIAL POSITION

**Total assets** of \$103.8 million as at 31 December 2009 were \$3.3 million higher than the previous year end. Increase in property, plant & equipment and brooder stocks were due to the construction and expansion of the Dragon Fish breeding facilities and the purchase of additional brooder stocks in its Singapore and Malaysia Dragon Fish farms. Decrease in inventory and trade & other receivables were as a result of conscientious effort made in lowering the inventory level and the close monitoring and prompt collection of trade receivables balances in FY 2009.

**Total liabilities** of \$34.5 million as at 31 December 2009 were \$3.2 million lower than the previous year end as a result of decrease in trade & other payables of \$2.0 million mainly due to prompt settlement of trade and other payables so as to secure better trade discounts with regular suppliers for purchases made. In addition, total bank borrowings have decreased in FY 2009 due to the settlement of bank borrowings from financial institutions with cash generated from operations during the financial year.

**Shareholders' funds** increased from \$53.6 million as at 31 December 2008 to \$59.2 million as at 31 December 2009. The increase was attributed mainly to profit attributable to equity holders for the financial year.

**Minority interests** increased from \$9.1 million as at 31 December 2008 to \$10.0 million as at 31 December 2009 was due to profit contributions from the non-wholly owned subsidiaries for the financial year.

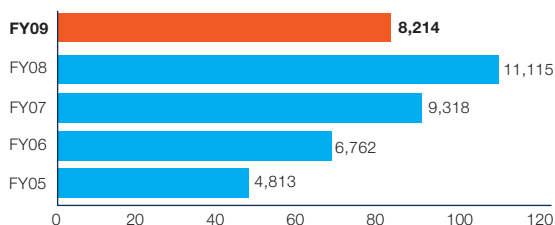
	2009 \$'000	2008 \$'000	Change %
<b>Total assets</b>	<b>103,767</b>	<b>100,512</b>	<b>3.2</b>
- Property, plant and equipment	15,942	14,639	8.9
- Brooder stocks	30,316	26,746	13.3
- Inventories (including breeder stocks)	22,459	23,981	(6.3)
- Trade and other receivables	20,386	22,395	(9.0)
- Cash and cash equivalents	9,847	6,704	46.9
<b>Total liabilities</b>	<b>34,547</b>	<b>37,778</b>	<b>(8.6)</b>
- Trade and other payables	12,380	14,373	(13.9)
- Bank borrowings	16,860	18,631	(9.5)
<b>Total shareholders' fund</b>	<b>59,226</b>	<b>53,591</b>	<b>10.5</b>
<b>Total minority interests</b>	<b>9,994</b>	<b>9,143</b>	<b>9.3</b>

## CAPITAL EXPENDITURE

In FY 2009, capital expenditure incurred for infrastructure and the enhancement of the farm facilities in both the Singapore and overseas entities amounted to \$3.6 million. The purchase of brooder stocks accounted for another \$4.6 million of the capital expenditure for the current financial year.

With the completion of the construction and expansion of the Dragon Fish breeding and farming facilities in Singapore and Malaysia in FY 2009, the Group does not foresee any substantial capital expenditure going forward, other than the on-going maintenance of its farm facilities.

CAPITAL EXPENDITURE  
(S\$'000)



## CAPITAL STRUCTURE & FINANCIAL RESOURCES

The Group maintains a strong balance sheet (statement of financial position) and an efficient capital structure to maximise returns for shareholders. The Group has sufficient cash and cash equivalent and an adequate amount of standby credit facilities. Funding of working capital requirements and capital expenditure is through a mix of short-term money market borrowings and long-term loans.

As at 31 December 2009, credit facilities in the form of short-term loans, bank overdrafts, letter of credit and other banking facilities provided by major banks to the Group amounted to approximately \$33.8 million of which \$16.3 million were utilised.

### Cash & Cash Equivalents

Overall, the Group's cash and cash equivalents increased by approximately \$3.1 million in FY 2009 to \$9.8 million as compared to \$6.7 million a year ago.

The movements in cash and cash equivalents during both financial years are set out as follows:

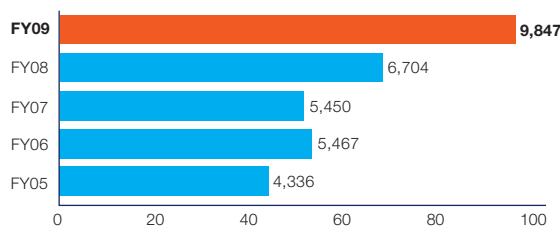
	2009 \$'000	2008 \$'000
Cash generated from operating activities	12,238	9,819
Cash used in investing activities	(7,187)	(10,788)
Cash (used in) generated from financing activities	(1,929)	2,206
Net increase in cash and cash equivalents	3,122	1,237
<b>Cash and cash equivalents as at end of year</b>	<b>9,847</b>	<b>6,704</b>

Despite the relatively consistent operating profit generated year-on-year in FY 2009, the improvement in the Group's **net cash generated from operating activities** was due to lower inventory held and the Group's ability to realise the receivables balances into cash. On the other hand, much of the cash generated during the financial year were utilised for the settlement of trade and other payables so as to secure better trade discounts with its regular suppliers for purchases made.

**Net cash used in investing activities** was mainly related to the purchase of brooder stocks in both the Singapore and Malaysia farms and capital expenditure incurred for the construction and expansion of the Dragon Fish breeding facilities in Singapore, as well as on-going enhancement to the infrastructure and farm facilities in the overseas entities. In addition, there was cash injected as paid up capital of the newly set up joint venture company in India.

During the financial year, the cash proceeds received from the issuance of new shares arising from exercise of warrants were utilised for the repayment to minority shareholder of a subsidiary and the settlement of finance lease obligations on a monthly basis. In addition, there were cash used in the repayment of bank loans granted by financial institutions as well as the servicing of interest payments. The above, coupled with the payment of dividends to shareholders and interim dividend payment made to a minority shareholder of a subsidiary, resulted in the **net cash used in financing activities**.

CASH AND CASH EQUIVALENTS  
(S\$'000)



## Borrowings

The Group borrows from local and foreign banks in the form of short-term and long-term loans. As at 31 December 2009, 88% (2008: 87%) of the Group's borrowings were repayable within one year with the balance largely repayable between two to five years. Unsecured borrowings constituted approximately 96% (2008: 94%) of total borrowings with the balance secured by certain freehold land held by a subsidiary.

The amounts of the Group's borrowings for both the financial years are as set out below:

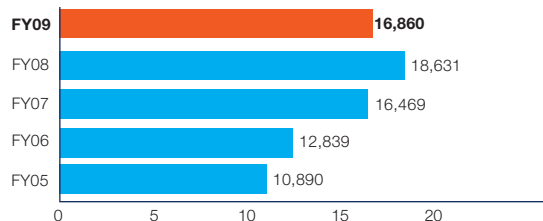
The **unsecured short-term loans** are revolving bank loans that bear interest at rates ranging from 1.48% to 2.18% (2008: 2.31% to 3.58%) per annum and are repayable within the next 12 months from the financial year end.

The **long-term loans**, taken by a subsidiary, comprise:

- a 7-year bank loan of RM0.5 million, secured by a mortgage on the subsidiary's freehold land, bears interest at 6.80% (2008: 7.75%) per annum and is repayable in 84 monthly instalments commencing January 2005;
- a 5-year unsecured bank loan of RM1.85 million, bears interest at 7.05% (2008: 8.00%) per annum and is repayable in 60 monthly instalments commencing August 2006;
- a 10-year unsecured bank loan of RM2.5 million, bears interest at 7.05% (2008: 8.00%) per annum and is repayable in 120 monthly instalments commencing March 2007; and
- a 5-year unsecured bank loan of RM3.0 million, bears interest at 6.55% (2008: 7.50%) per annum and is repayable in 60 monthly instalments commencing May 2009.

	2009 \$'000	2008 \$'000
<b>Due within one year:</b>		
Bills payable to banks (unsecured)	4,290	4,156
Finance lease obligations	180	173
Short term bank loans (unsecured)	9,800	10,000
Long term bank loans, current portion		
- Secured	34	31
- Unsecured	499	237
Bank overdrafts (unsecured)	-	1,623
	14,803	16,220
<b>Due after one year:</b>		
Finance lease obligations	322	352
Long term bank loans		
- Secured	39	76
- Unsecured	1,696	1,983
	2,057	2,411
<b>Total borrowings</b>	<b>16,860</b>	<b>18,631</b>

**BORROWINGS**  
(S\$'000)



## Corporate Guarantees

As at 31 December 2009, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$11.0 million (2008: \$10.5 million), of which approximately \$5.8 million (2008: \$7.5 million) had been utilised.

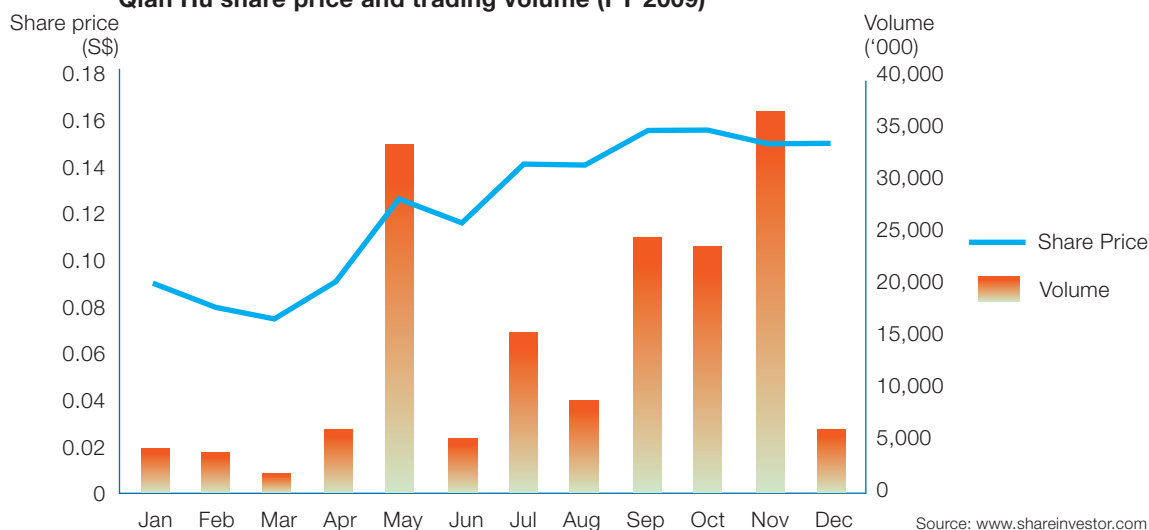


## SHAREHOLDER RETURNS

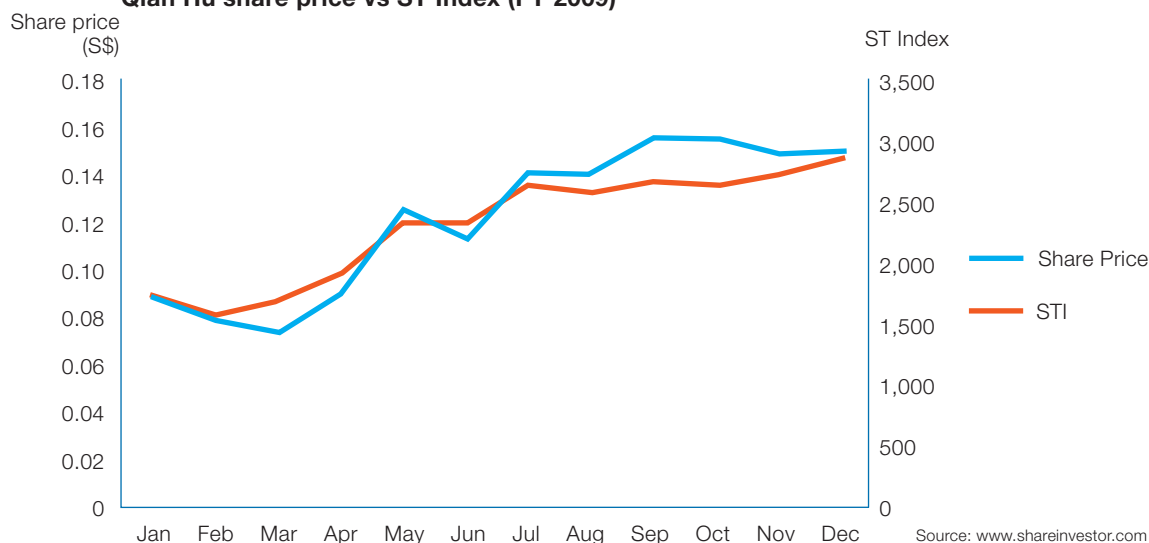
Although the Group has not set a concrete dividend policy at present, it would like to reward its loyal and supportive shareholders. Qian Hu paid a first and final cash dividend of 0.2 cents per ordinary share for the financial year 2008. For the financial year ended 31 December 2009, the Directors are pleased to declare a first and final dividend of 0.5 cents per ordinary share, paying up to approximately 33% of its net earnings. The proposed dividend, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 16 March 2010, will be paid out on 12 April 2010. This is the highest absolute cash amount that the Group has ever declared.

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 better cash management and the consistency in generating cash from operating activities, the Group is moving towards becoming a debt-free company with high dividend yield.

**Qian Hu share price and trading volume (FY 2009)**



**Qian Hu share price vs ST Index (FY 2009)**



## RISK FACTORS AND RISK MANAGEMENT

Risk management form an integral part of business management. The Group's risk and control policy is designed to provide reasonable assurance that objectives are met by integrating management control into daily operations, by ensuring compliances with legal requirements and by safeguarding the integrity of the Group's financial reporting and its related disclosures. It makes management responsible for identifying the critical business risks and the implementation of appropriate risk management processes. The risk management policies and mitigation plans are reviewed regularly to reflect changes in market conditions and the activities of the Group.

The following sets out an overview of Qian Hu's approach to risk management and business control with a brief description of the nature and the extent of its exposure to these risks. The risk overview, however, is not exhaustive.

### Market risk

The Group has established subsidiaries in four countries. These subsidiaries are exposed to changes in government regulations and unfavourable political developments, which may limit the realisation of business opportunities and investments in those countries. In addition, the Group's business operations are exposed to economic uncertainties that continue to affect the global economy and international capital markets. Although these circumstances may be beyond its control, the Board and the management consistently keep themselves up-to-date on the changes in political and industry regulations so as to be able to anticipate or respond to any adverse changes in market conditions in an efficient and timely manner.

### Business risk

Ornamental fish, like other livestock, is susceptible to disease and infection. However, different breeds of fishes are vulnerable to different types of diseases. While it is possible that a rare or virulent strain of bacteria or virus may infect a particular breed of fish in the farm, fatal infection across breeds is uncommon. The Group has institutionalised a comprehensive health management and quarantine system for all of its domestic and overseas operations to ensure a consistently high standard of good health care management and hygiene for our fishes. Currently, all of the Group's domestic and overseas fish operations have attained ISO 9002 certification, including the breeding of Dragon Fish. There is no known disease that is fatal to the Dragon Fish because of its primitive and prehistoric origin.

### Operational risk

Operational risk is the potential loss caused by a breakdown in internal process, deficiencies in people and management, or operational failure arising from external events. The operational risk management process is to minimise unexpected losses and manage expected losses.

The Group currently operates in four countries with assets and activities spreading across the Asia Pacific. As at 31 December 2009, approximately 70% of the Group's assets are located overseas. Revenue from its overseas' customers constitute approximately 71% of the total revenue in FY 2009. In view of the Group's expansion plan, the percentage of its overseas assets and activities will continue to increase moving forward. The effect of greater geographical diversification reduces the risk of concentration in a single operation.

It is also noted that Qian Hu has always been viewed as a family business largely run and controlled by the Yap family. However, in fact, it is run by a team of dedicated Qian Hu family members, not solely by the Yap family members. Although no individual is indispensable, the loss of specialised skills and the leadership of Executive Chairman & Managing Director, Mr Kenny Yap, and the other founding members, including its key management, could result in business interruptions and a loss in shareholders' confidence. To dispel the worries, the Group has since put in place a structured succession planning programme so as to identify and develop a team of talented employees based on their merit – family members are not given special preferences – who can take Qian Hu to the next lap of growth. The Group believes that cultivating a team of next-generation leaders is critical to the continuity of the business which should last beyond this generation.

### **Product risk**

For the year ended 31 December 2009, Dragon Fish sales contributed approximately 25% of the Group's total revenue. Qian Hu sells over 1,000 species and varieties of ornamental fish and more than 3,000 kinds of accessories products to more than 80 countries and is not reliant on the sale of any particular type or species of fish or accessories products.

### **Investment risk**

The Group grows businesses through organic growth of its existing activities, development of new capabilities (e.g. setting up retail chain stores) and through acquisitions of operating business entities. Investment activities are evaluated through performing of due diligence exercise and are supported by external professional advices. All business proposals are reviewed by the Company's Board of Directors and its senior management before obtaining final Board approval.

### **Foreign exchange risk**

The foreign exchange risk of the Group arises from sales, purchases and borrowings that are denominated in currencies other than Singapore dollars. The currencies giving rise to this risk are primarily the United States dollar, Euro, Ringgit Malaysia and Chinese Renminbi.

The Group does not have any formal hedging policy against foreign exchange fluctuations. However, it continuously monitor the exchange rates of major currencies and enter into hedging contracts with banks from time to time whenever the management detects any movements in the respective exchange rates which may impact the Group's profitability.

Foreign currencies received are kept in foreign currencies accounts and are converted to the respective measurement currencies of the Group's companies on a need-to basis so as to minimise foreign exchange exposure.

### **Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due. Credit risk is managed through the application of credit approvals, performing credit evaluations, setting credit limits and monitoring procedures.

None of the Group's customers or suppliers contributes more than 5% of its revenue and purchases. It is the Group's policy to sell to a diversity of creditworthy customers so as to reduce concentration of credit risk. Cash terms or advance payments are required for its customers with lower credit standing.

While the Group faces the normal business risks associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible. Accordingly, the Group does not expect to incur material credit losses on its risk management or other financial instruments.

### **Interest rate risk**

Interest rate risk is managed by the Group on an on-going basis with the objective to limit the extent to which the Group's results could be affected by an adverse movement in interest rate.

The Group's cash balances are placed with reputable banks and financial institutions. For financing obtained through bank borrowings and finance lease arrangements, the Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The Group's aim to move towards becoming a debt-free company will also address this risk.

### **Liquidity risk**

The objective of liquidity management is to ensure that the Group has sufficient funds to meet its contractual and financial obligations as and when they fall due. To manage liquidity risk, the Group monitors its net operating cash flow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flows. Over the years, the Group has enhanced its ability to generate cash from operating activities; accordingly, the Group envisages that its cash management skill will continue to improve.

### **Derivative financial instrument risk**

The Group does not hold or issue derivative financial instruments for trading purposes.

# — AWARDS & — ACCOLADES



SINGAPORE  
QUALITY  
AWARD



Gold  
Best Annual Report Award 2009  
(For companies with below \$500 million in market capitalisation)  
Presented to QinetiQ Corporation Ltd  
at the Singapore Corporate Awards gala dinner  
attended by Mr K Shanmugan  
Minister for Law and Second Minister for Home Affairs  
on 23rd April, 2009

Merit  
Best Managed Board Award 2009  
(For companies with below \$500 million in market capitalisation)  
Presented to QinetiQ Corporation Ltd  
at the Singapore Corporate Awards gala dinner  
attended by Mr K Shanmugan  
Minister for Law and Second Minister for Home Affairs  
on 23rd April, 2009







**RECOGNITION FOR BUSINESS EXCELLENCE**  
**Singapore Corporate Awards - 2009**

Chief Financial Officer of The Year - Ms Lai Chin Yee  
 (Companies with less than \$300 million in market capitalisation)

**Singapore Quality Award - 2009 & 2004**

Awarded by Spring Singapore

**People Excellence Award - 2009**

Awarded by Spring Singapore

**SQC Innovation Class - 2008**

Awarded by Spring Singapore

**Pro-Family Business Mark Certification - 2008**

Awarded By Singapore Productivity Association

**Professional Enterprise Award - 2007**

Awarded By Asian Management Association and Certified Consultant Academy

**People Developer Standard - 2006**

Awarded by Spring Singapore

**ZDNet Asia Smart50 - 2006**

Awarded by ZDNet Asia in recognition of our IT initiative "FISH"

**RECOGNITION FOR EXCELLENCE IN CORPORATE GOVERNANCE**

**Singapore Corporate Awards - 2009**

Best Managed Board Award  
 (Merit – Companies with less than \$300 million in market capitalisation)

**Singapore Corporate Awards – 2008**

Best Managed Board Award  
 (Merit – Companies with less than \$500 million in market capitalisation)

**IR Magazine Southeast Asia Awards – 2007**

Best Corporate Governance  
 (Winner – Small or Mid-Cap)

**Best Managed Board Award – 2003**

Special Mention

**RECOGNITION FOR EXCELLENCE IN CORPORATE TRANSPARENCY**

**Singapore Corporate Awards - 2009**

Best Annual Report Award  
 (Gold – Companies with less than \$300 million in market capitalisation)

Best Investor Relations Award

(Bronze – Companies with less than \$300 million in market capitalisation)

**Business Times' Corporate Transparency Index (CTI) – 2002, 2004 to 2008**

1<sup>st</sup> Position

**Singapore Corporate Awards – 2006**

Best Annual Report Award  
 (Gold – Companies with less than \$500 million in market capitalisation)

Best Investor Relations Award

(Gold – Companies with less than \$500 million in market capitalisation)

**SIAS Most Transparent Company Award**

Awarded by Securities Investors Association (Singapore)

**2007, 2008 & 2009** – Winner in Mainboard Small Caps category

**2005 & 2006** – Runner-up in Mainboard Small Caps (up to \$100 million) category

**2004** - Winner in Mainboard Small Caps (up to \$100 million) category & Runner-up in Services/Utilities/Agriculture category

**2003** - Winner in Services/Utilities/Agriculture category & Golden Circle Special Merit Award

**2001 & 2002** - Winner in SESDAQ & Small Caps (up to \$100 million) category

**IR Magazine Southeast Asia Awards – 2007**

Grand Prix for Best Overall Investor Relations  
 (Winner – Small or Mid-Cap)

Best Financial Reporting

(Highly Recommended – Small or Mid-Cap)

Most Progress in Investor Relations

(Highly Recommended – Small or Mid-Cap)



— **STRONG FOCUS ON** —  
**INVESTOR RELATIONS**



Corporate transparency, consistency and openness are the values that we hold very dearly in our communications to our stakeholders and are at the very core of our investor relations commitment. The Group's Executive Chairman and Managing Director, Mr Kenny Yap, personally drives the investor relations efforts, with the support of the Group's investor relations consultant, August Consulting. Their email addresses are listed on our annual reports and corporate website.

Since our listing in 2000, we have been engaging analysts, fund managers, the media and a small group of members from the Shareinvestor.com who regularly participate at our online forums hosted by Shareinvestor at our half-year and full-year results briefings. The Q&A online forum is conducted every quarter after our results release. Qian Hu was, in fact, the first listed company to offer this form of online dialogue in 2001.

Our results briefings, which are meant to give the investment community a deeper understanding of our business and industry, are chaired by the Group's Executive Chairman, Deputy Managing Directors and Finance Director who are available to address any issues during and at the end of the briefings. Those who cannot attend the results briefings have the option to listen in through the live audio-cast and post questions in real-time, or watch the events through recorded video webcasts at their own leisure. Since 2005, we have been compiling information kits given out at our year-end results briefings. From our knowledge, we are probably the only company to have a Chairman's Message, press releases, presentation slides, Financial Statements and Factsheet spiral bound in one colourful "mini annual report" given out each year.

We interface with retail investors through our website [www.qianhu.com](http://www.qianhu.com) which is updated regularly so that the investing public and shareholders can get the latest announcements, news releases and financial results. We are also the first to offer an automated phone hotline service where callers are able to get information on their reward points, give feedback and even obtain the latest Qian Hu stock quotes in real-time.

#### 2009 Investor Relations Calendar

##### January - March

12 January  
4Q/FY 2008 results briefing held at Raffles Hotel

19 January  
Online Q&A forum on Shareinvestor.com

03 March  
Lunchtime presentation to trading representatives at OCBC Securities

05 March  
Lunchtime presentation to trading representatives at DMG & Partners Securities

##### April - June

20 April  
1Q 2009 results

21 April  
Lunchtime presentation to trading representatives at CIMB-GK Research

We actively engage the investment community through analyst visits to our farm, as well as regular roadshows to the various securities firms in Singapore. Qian Hu's share performance is currently covered by research houses such as CIMB-GK Research, Phillips Securities Research and NRA Capital. Our goal is to grow our business and market capitalisation to a point that will attract more institutional interest and equity research coverage.

The Annual General Meeting is also another important platform for shareholder communications. Our 10<sup>th</sup> AGM held on 11 March 2009, was attended by 43 shareholders and proxies. The Board of Directors and senior management were present to answer shareholders' queries as well as to listen to their feedback. Qian Hu is the first listed company to record the questions and comments of our shareholders and the answers from the CEO and the Management at our annual general meetings, and making the detailed minutes available on both the SGX and the Company's website after the meeting.

#### Awards & Accolades

Committed to the best practices in corporate transparency and governance, Qian Hu has been recognised for our efforts by our winning awards such as the Most Transparent Company Award from the Securities Investors Association (Singapore) since 2001. We have also regularly topped the Business Times Corporate Transparency Index (CTI).

In 2009, Qian Hu was the first company in the history of the Singapore Corporate Awards to bag 4 awards in the same year, namely, Best Managed Board (Merit); Chief Financial Officer of the Year; Best Investor Relations (Bronze) and Best Annual Report (Gold), amongst companies with less than \$300 million in market capitalisation.

##### July - September

20 July  
2Q 2009 results briefing held at Raffles Hotel

24 July  
Online Q&A Forum on Shareinvestor.com

31 July  
Lunch meeting with Head of Research at UOB Kay Hian

04 August  
Lunch meeting with Head of Research at OCBC Securities

06 August  
Lunchtime presentation at Am-Fraser Securities

##### October - December

19 October  
3Q 2009 results

22 October  
Analysts Happy Hour

# PEOPLE

— DEVELOPMENT —



**SINCE 2006, THE GROUP HAS BEEN CERTIFIED A PEOPLE DEVELOPER FOR HAVING A DETAILED FRAMEWORK ON NURTURING TALENT. WHAT SETS US APART IS OUR UNIQUE “PEOPLE FIRST” CORPORATE CULTURE WHICH SEEKS TO INTEGRATE EVERYONE INTO THE EXTENDED QIAN HU FAMILY.**





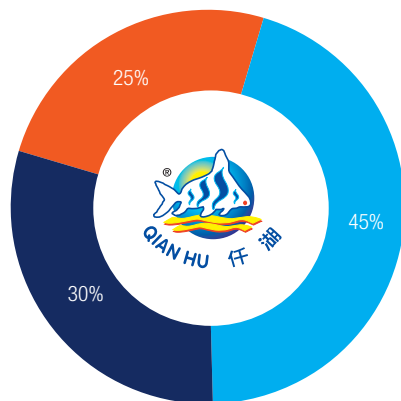
### Our HR Philosophy

Our people are our biggest asset and that is not a cliché. We are committed to engaging and developing staff to their fullest potential so as to enable them to participate and contribute effectively to Qian Hu's growth.

People Excellence is one of the four strategic thrusts that the senior management are committed to since 2000. The other three are Customer Focus, Quality Excellence and Financial Strength. Together with these four values, a balanced perspective sustains the Group's core activities.

In November 2009, Qian Hu was awarded the People Excellence Award which complements Spring Singapore's Singapore Quality Award (SQA). The Group had earlier, in 2005, received the coveted People Developer certification for its detailed framework on nurturing talent and human resource management.

As at 31 December 2009, the Group has 638 employees, of which 139 are at our Singapore headquarters while the remaining 499 are from our overseas subsidiaries in Malaysia, Thailand and China. Of those working in our Singapore operation, 25% of our staff strength have served more than 10 years in the Group, whilst 30% are less than 10 years but more than 5 years.



#### Length of Service

■ Less than 5 years ■ Between 5 to 10 years ■ More than 10 years

What sets us apart is our unique "People First" corporate culture which seeks to integrate everyone into the extended Qian Hu family. At Qian Hu, we promote and inspire creativity in our daily lives, at work and outside of work. All levels within the Group converge fun and creative thinking into the workplace. Being a knowledge-based company, Qian Hu place a strong emphasis on promoting teamwork and entrepreneurship and this has shaped Qian Hu's corporate culture.

### Staff Communications

To ensure that staff are kept informed about the Group's developments, we publish in-house newsletters "FISH MATRIX" which are disseminated to all employees twice yearly through our website as well as in hard copies. All divisional senior managers also hold regular briefings to ensure that the quality and innovation messages are personally delivered and emphasised.

### Training

With a training budget pegged at 2% of our total payroll, each staff spends approximately 57 hours in training and 91% of the planned training places were utilised in FY 2009. During the financial year, aside from internal on-the-job training, a total of 89 staff members were assigned for training on workplace safety, supervisory, creativity and problem-solving and language enhancement courses.



## PEOPLE DEVELOPMENT



### Feedback Platforms

The Group adopts several evaluation and appraisal tools to assess the effectiveness of our senior managers in terms of their leadership and personal involvement in maintaining an innovative, customer-focused and people-centric environment. At Qian Hu, we take a holistic view of feedback on performance on all levels of staff, including senior management. We developed taxonomy to organise the diverse roles and activities of our managers. Each year, we conduct a qualitative study of the major fish exporters and pet chain stores across the country as well in-depth interviews with our key customers and business partners. The findings are organised into a checklist that our senior managers use to assess their own quality improvement efforts. By reinforcing their vital role in quality improvements, their individual and collective effectiveness are enhanced.

In addition, the Group adopts the 360-Degree Feedback appraisal system which focuses on the effectiveness of the leadership within the Company. An Employees Opinion Survey is also used to provide feedback to senior management. The intention of these systems is to allow senior management to be more aware of how others perceive their behaviour and performance as a leader, and aspects of managerial competency, with the hope that working relationships will be enhanced.

### Qian Hu's Succession Planning

Succession planning is an essential part of doing business, no matter how certain the future appears. At Qian Hu, we feel that it makes good business sense for senior management to develop potential successors for the future. We recognise that no one is indispensable, but the absence or loss of key management can be detrimental, resulting in a loss of shareholder confidence. Modelling the succession planning policies in some larger organisations, Qian Hu has put in place a structured succession planning programme as early as 2004 because we believe that some 10 to 15 years would be required to train a team of next-generation leaders.

We are not looking for a single person, but rather a team that will take Qian Hu to the next lap of growth. Who among them will become the CEO in the next generation of senior management will depend on a number of stringent criteria, notably assessments from the Board's nominating committee; peer appraisals, and their individual track record and performance. Qian Hu has always been, and will always be, based on merit - family members will not be given any special preferences. The person whom we are grooming to be Qian Hu's future CEO must embrace our corporate culture and values wholeheartedly. He (or she) must be able to put the interest of the company before his personal interest, be able to handle stress, and yet be hungry and ambitious. This is because regardless of how well the Group had performed in the past, we will be out of the race if we do not continue to progress and evolve.

With the current senior management as their mentors, all of our management trainees are rotated with different portfolios. Those who are capable must be able to take on overseas assignments and be able to perform in difficult environments.





## Employee Profile

Qian Hu has 139 employees in its Singapore operation and a total workforce of 638 employees including those in its overseas subsidiaries.

### Employee Statistics (Singapore operation)

Level	No. of Staff
Key Management	13
Middle and Junior Management	44
Administration and Clerical	82
<b>Total</b>	<b>139</b>

### Statistics on Length of Service

Year of Service	No. of Staff
More than 5 years	62
Between 5 to 10 years	42
More than 10 years	35

### Statistics on Education Qualification

Qualification	No. of Staff
Degree and above	11
Diploma and equivalent	16
Secondary and below	109
Skill Certificate	3

### Comparison of our current senior management team and our succession team

	Current Team	New Team
Average age	47	29
Number of team members	14	18
Nationalities	Mostly Singaporeans	Singaporeans, Thais, Malaysians
Highest Education Level	MBA	PHD
Lowest Education Level	Primary 6	Diploma

# CORPORATE

## — SOCIAL RESPONSIBILITY —



**TODAY CONSUMERS, INVESTORS, AND EVEN EMPLOYEES HAVE BECOME MORE SOPHISTICATED AND MORE AWARE OF GOOD CORPORATE BEHAVIOUR, OR LACK THEREOF. IN THIS NEW BUSINESS ENVIRONMENT, A COMPANY'S REPUTATION HAS BECOME ONE OF ITS MOST VALUABLE ASSETS, AND CORPORATE SOCIAL RESPONSIBILITY (CSR) HAS BECOME ONE OF THE KEY COMPONENTS OF CORPORATE REPUTATION.**

**CSR IS ALL ABOUT A COMPANY'S EFFORTS TO ACHIEVE SUSTAINABLE OUTCOMES BY COMMITTING TO GOOD BUSINESS PRACTICES AND STANDARDS, STRONG COMMUNITY SUPPORT AND ITS EFFORTS IN LIMITING ADVERSE IMPACT ON THE ENVIRONMENT.**





At Qian Hu, we are committed to inculcating positive CSR experiences, knowing that they help to build confidence and goodwill amongst our stakeholders. As a leading ornamental fish and pet accessories company, our Corporate Social Responsibility policy is built upon the premise that "All lives should be cherished and treasured".

As such, we aim to preserve the environment that is necessary for the Group's long-term sustainability, and view our economic interest in the same light as that concerning the environment. We would like to see ourselves as an organisation with a big heart, and are always mindful of the plight of the underprivileged in our society. We continually infuse our people with such values and believe that our CSR commitment and involvement will see Qian Hu through for the long haul.

### Our Environment

While creating value in our business, Qian Hu aims to minimise the impact that our activities have on the environment. Qian Hu fully complies with the regulatory requirements of our ISO14001-certified Environmental Management System, where we strive to preserve and recycle our natural resources in our daily activities. Not neglecting the plight of endangered wildlife, our entire operations are compliant with the standards set out by the United Nations' Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).



### Our Community

Extending our care and concern to the community has been part of our family culture and we take pride in our work here since our involvement in 2001. For the last eight years, our contribution to charity – approximately 1.3% of pre-tax profit – has stayed above the national average index of 0.22%.

This year, our Annual Charity fund raising event took a different twist. Instead of organising it in a shopping mall such as Parkway Parade or Bugis Junction, we held it in our farm instead. The 2009 Charity Farm Fair, held over the weekend of 5 and 6 September 2009, managed to raise \$15,000 for three charities, namely the Disabled People's Association, the Lion's Home for the Elders and the Community Outreach Programme.

To enhance the physical and social well-being of our employees, we took part in various social activities from the social and business community during the year. We organised quarterly visits to old folks home and provide free farm tours and the use of our facilities for the underprivileged. In recent past, we contributed to Disaster Relief Funds, such as the Tsunami Relief Fund and the Myanmar Cyclone Relief Funds. Some of our directors have also been actively sharing their management experiences with the business community.



# NEWS

## — CLIPS —

money.

THE STRAITS TIMES THURSDAY, NOVEMBER 5 2009 PAGES 10

### Meet the Excellent Eleven



Receiving awards on behalf of their organizations were (from left) Dr Ken Tan, president and CEO of Anglo-Chinese School (Independent); Mr Andrew Lim, head of global consumer services, OCBC Bank; and Mr Lim Hong Lee, CEO of CITI Bank (middle row, from left) Dr Kenney Yap, managing director of (from the left) Sphera, group managing director of Sun-Blocker, Dr Raymond Ho, senior manager of group HR at Sun Hu, and Dr Tan Sheng Lim, chairman, Singapore and Chinese Authority (third row, from left) Dr Tan Sheng Lim, chief executive, Land Transport Authority; Dr Chan Lee Bin, principal and CEO of Hanyang Petroleum; Dr Jeff Stone, regional director, Dairy Farm South Asia; and Dr N. Suresh, chief executive, National Library Board. (1 PHOTO: SIBRA 2009)

### Educators among winners of coveted quality awards

By FRANCIS CHAN

AN INTERDISCIPLINARY club within a top local school, a startup equipment firm, the Land Transport Authority and the Singaporean and Checkpoints authorities. It is an eclectic bunch, but together they have topped a record low profile Singapore Quality Award (SQQA) award ceremony for 2009.

This year's bumper crop includes Anglo-Chinese School (Independent), international full supplier Qian Hu and marine engineering firm Tuo-Ho-Keen.

"The growing number of award winners shows the importance that organisations place on business excellence to drive their performance towards greater heights," said SQQA governing council chairman, Chan Tan.

Deputy Prime Minister and Minister for Defence Teo Chee Hee, who presented the awards to the winners last night at the Shangri-La Hotel, agreed and even laid the statistics to prove it.

He said, "A study done by the National University of Singapore this year found that averaged over a four-year period, the productivity of SQA winners was 1.5 per cent higher than that of their industry counterparts."

introduced if each sign-up makes business associations, the SQQA recognition organisations that have demonstrated management capabilities through their participation and results. Public from the SQQA, these "winner" awards were given to 11 organisations for awarding to specific areas of organisational management.

Financial Institutions, which had filed the second highest number of entries among traditional industries here, received the International Excellence Award, OCEC Bank, the Central Provident Fund Board and the National Library Board all received the Service Excellence Award.

### Winners

- 1. Singapore Quality Award (Anglo-Chinese School (Independent) and Checkpoints Authority)
- 2. Land Transport Authority
- 3. Tuo-Ho-Keen
- 4. CIOB (Citi Group)
- 5. OCBC Bank
- 6. People Excellence Award (Dairy Farm Singapore)
- 7. Customer Excellence Award (Hanyang Petroleum)
- 8. Service Excellence Award (Central Provident Fund Board)
- 9. National Library Board
- 10. OCEC Bank - Commercial
- 11. National Service Council

which last won the award in 2004, received the People Excellence Award for its staff training initiatives.

Mr Kenney Yap, managing director of Qian Hu, said the firm's success was down to discipline. He said, "We've set but not enjoying awards but more about discipline in doing things, every time - be it to good times or bad."

To date, some 120 organisations employing more than 100,000 staff - about 20 per cent of the workforce - have been certified by SQQA as meeting quality standards.

According to Yap, small and medium-sized enterprises comprise 11 per cent of these organisations.

Singapore's efforts in promoting business excellence have not gone unnoticed.

"Singapore is the only country that has been awarded the ISO 26000 International Organisation for Standardisation (ISO) as a member of its network (ICOF) in Singapore."

"Due to the fact that the ISO 26000 has designated a COE in a member country in a specific area. This recognition is testimony of Singapore's efforts and achievements in business excellence," he said.

Mr Tan added that with the COE status, organisations can benchmark their performance and meet international best practices through the nation's soft work, standards and initiatives.

"Award winners and certified organisations can also leverage on Singapore's branding to enhance credibility for overseas business ventures," said Mr Tan.



### SINGAPORE CORPORATE AWARDS

## Qian Hu wins in four out of five categories

Awards honour companies with good corporate governance

By FRANCIS CHAN

IT BECAME a big item, because one of the world's leading operators of investment funds and managed on the Singaporean side of the Singapore Corporate Awards 2009.

Qian Hu Corporation - an investment management firm - topped awards in four out of five categories.

It received the Best Managed Award, Best Corporate Governance Award and Best Environmental Award and Best Social Responsibility Award for the first time.

The award ceremony was held at the Shangri-La Hotel last night. Qian Hu's executive chairman and managing director, Dr Kenney Yap, said the company was "proud to have won these awards."



Dr Kenney Yap, executive chairman and managing director of Qian Hu, said the company was "proud to have won these awards."

### Some of the winners

- BEST MANAGED AWARD**  
Qian Hu Corporation
- BEST CORPORATE GOVERNANCE AWARD**  
Qian Hu Corporation
- BEST ENVIRONMENTAL AWARD**  
Qian Hu Corporation
- BEST SOCIAL RESPONSIBILITY AWARD**  
Qian Hu Corporation
- CEO OF THE YEAR AWARD**  
Dr Kenney Yap, Qian Hu Corporation
- 2009 SINGAPORE QUALITY AWARD**  
Anglo-Chinese School (Independent), Checkpoints Authority, Land Transport Authority, Tuo-Ho-Keen
- 2009 PEOPLE EXCELLENCE AWARD**  
Dairy Farm Singapore
- 2009 CUSTOMER EXCELLENCE AWARD**  
Hanyang Petroleum
- 2009 SERVICE EXCELLENCE AWARD**  
Central Provident Fund Board, National Library Board, OCEC Bank - Commercial, National Service Council

### SINGAPORE CORPORATE AWARDS

CEO OF THE YEAR

## Winning awards and winning over investors



Dr Kenney Yap, executive chairman and managing director of Qian Hu, said the company was "proud to have won these awards."

Qian Hu Corporation, a local breeder and exporter of ornamental fish, became the first company in this niche industry to seek a public listing, on the SESDAQ board. Its initial public offer comprised 12.75 million shares priced at 30 cents each. The share issue was expected to bring in about \$3 million.

Qian Hu's success was down to discipline. He said, "We've set but not enjoying awards but more about discipline in doing things, every time - be it to good times or bad."

Qian Hu has always been viewed as a family business largely run and controlled by the Yap family. However, in fact, it is run by a team of dedicated "Qian Hu family" professionals, not solely by the Yap family members.

The firm's success was down to discipline. He said, "We've set but not enjoying awards but more about discipline in doing things, every time - be it to good times or bad."

### Fish breeder launches \$3-million IPO

**30 October** Qian Hu Corporation, a local breeder and exporter of ornamental fish, became the first company in this niche industry to seek a public listing, on the SESDAQ board. Its initial public offer comprised 12.75 million shares priced at 30 cents each. The share issue was expected to bring in about \$3 million.



Qian Hu's executive chairman Kenney Yap.

# FINANCIAL CALENDAR

## 2009

**12 January**

FY 2008 Full year results announcement (with media and analysts briefing)

**11 March**

Annual General Meeting

**6 April**

Payment of dividend

**20 April**

1Q 2009 results announcement

**20 July**

2Q 2009 results announcement (with media and analysts briefing)

**19 October**

3Q 2009 results announcement

## 2010

**11 January**

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

**16 March**

Annual General Meeting

**12 April**

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

**19 April**

1Q 2010 results announcement

**19 July**

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

**18 October**

3Q 2010 results announcement





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