



PRESS RELEASE

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Qian Hu's achieves \$1.0 million in 1Q11 net profit as sales improves all-round

- Group revenue gained 3.9% to \$24.2 million
- Improved performance of Ornamental Fish segment contributed towards a 98% jump in operating profit quarter-on-quarter
- Debt-to-equity ratio further improved to 0.46 – in line with the Group's direction of having more cash for dividend and reducing debt

\$'000	4Q10 ended 31/12/10	1Q11 ended 31/3/11	1Q10 ended 31/3/10	Change (%)
Revenue	22,239	24,154	23,237	↑3.9
Gross Profit	6,973	7,720	7,402	↑4.3
Profit Before Tax	723	1,436	1,793	↓19.9
Net Profit Attributable to Shareholders	634	1,008	1,412	↓28.6

SINGAPORE – 18 April 2011 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** (“**Qian Hu**”) today reported that it posted first quarter net profit attributable to shareholders of \$1.0 million on the back of improved sales performance all-round.

In the three months ended 31 March 2011, revenue rose 3.9% higher to \$24.2 million due to improved accessories exports, which contributed a 5.7% jump in sales to \$8.5 million. Its Ornamental Fish segment rose 2.5% to \$12.7 million, led by continued growth in Dragon Fish which rose in tandem with other ornamental fish sales from its Singapore, Malaysia and Thailand hubs. Revenue from its plastics business continued to experience steady growth, rising 5.4% to \$3.0 million in the current quarter.

On a geographical basis, sales from overseas jumped 5.0% whilst Singapore sales rose by 1.7%.

Operating Profit

Ornamental Fish

Despite higher revenue achieved in 1Q11, the operating profit from Ornamental Fish segment slid 16.7% to \$1.3 million due to product mix differences. The weaker European markets demanded more common species such as sword tails, Molly fishes and goldfishes as opposed to higher margin varieties previously. However, this was mitigated by the improved revenue from higher-margin Dragon Fish after its supply stabilised. The stricter regulations from the EU, which were imposed since 2Q10, had affected regular supply from the Group's suppliers, and the Group had to explore other "non-traditional" markets which came at higher costs, thereby shaving off some margin.

Accessories

Higher operating costs as a result of compliance with China's recently-introduced "minimum wage" policy yielded lower operating profit for the Group's Accessories segment, which dipped 21.8% to \$430,000. This was despite higher profit margins from increased export sales.

Plastics

Higher raw material prices, in tandem with higher crude oil prices, similarly eroded the operating profit of the Group's plastics manufacturing segment which rose marginally by 4.4% to \$259,000 in 1Q11.

Comparing with previous 4Q10

The Group's latest 1Q11 operating profit surged 98.6% to \$1.4 million from the preceding 4Q10, largely due to the better performance of its Ornamental Fish segment. Revenue grew 8.6% to \$24.2 million.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "Despite these challenges, the Group's business model remains robust and diversified. We continue to be vigilant, focusing on growing our revenue base – such as increasing our exports of ornamental fish and accessories, sustaining growth in our breeding of high-margin Dragon Fish, as well as expanding our distribution network locally and regionally. We are also excited about the prospects of our joint ventures in Indonesia and India. We will continue to build a resilient balance sheet, and remain steadfast in our efforts to generate stronger cash flow from operations with an internal target of turning half of the Group's profit into cash."

"Barring unforeseen circumstances, we envisage that the current year will be another profitable year for Qian Hu, despite possible fluctuations in our operating profit from quarter to quarter," he said.

Per Share Data

Based on the Group's latest first quarter results, Qian Hu achieved earnings per share on a fully diluted basis of 0.22 Singapore cents and net assets backing per share of 16.25 Singapore cents as at 31 March 2011.

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About Qian Hu Corporation Limited

Incorporated in 1998, Qian Hu is an integrated ornamental fish service provider – providing a spectrum of services involving distribution of well over 1,000 species of ornamental fish from all around the world as well as the manufacturing and distribution of a wide range of aquarium accessories, including pet foods and medications.

Qian Hu (which means “Thousand Lakes” in Chinese), has received several awards from the Securities Investors Association of Singapore since 2001 for its commitment to corporate transparency. The Company also won a special mention in the Best Managed Board Awards from the Singapore Institute of Directors in 2003.

Over the years, the Group achieved a number of “firsts” in the ornamental fish industry:

- The first company in the ornamental fish industry in Singapore to be listed on the Mainboard of the Singapore Exchange.*
- The first integrated ornamental fish service provider in Singapore, Malaysia and Thailand to be awarded the ISO 9002 certification for its quality management system.*
- The first in the ornamental fish industry to obtain ISO 14001 certification for its environmental management system.*
- One of the first ornamental fish operations in Singapore to have successfully bred the Dragon Fish and Arapaima for commercial sale.*
- The first SME to receive the Singapore Quality Award in 2004.*
- First SME to receive the Best Managed Board Award (Merit) at the Singapore Corporate Awards in 2008.*
- First Dragon Fish breeder to engage in DNA research and development.*
- First SME to win four awards in the same year at the Singapore Corporate Awards under the small caps category. (Year 2009- Best Managed Board (Merit), Chief Financial Officer of the Year, Best Investor Relations (Bronze), and Best Annual Report (Gold)).*
- First SME to receive the Singapore Quality Award twice - in 2004 and 2009.*
- First SME to be awarded Gold for Best Managed Board in 2010 at the Singapore Corporate Awards.*