



PRESS RELEASE

Contact Information:

Tel: 6733 8873 Fax: 6733 9913

Ho See Kim, seekim@august.com.sg

Boo Puay Yang, puayyang@august.com.sg

Qian Hu's 1Q2012 earnings affected by oversupply of Dragon Fish in Malaysia

- *Net profit declines by 48.1% to \$523,000 as revenue dips 14.8%*
- *Management is in the midst of restructuring the Dragon Fish business to increase market share and long-term profitability*

\$'000	1Q2012 ended 31/3/12	1Q2011 ended 31/3/11	Change (%)
Revenue	20,574	24,154	(14.8)
Gross Profit	6,781	7,720	(12.2)
Profit Before Tax	592	1,436	(58.8)
Net Profit Attributable to Shareholders	523	1,008	(48.1)

SINGAPORE – 18 April 2012 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** (“**Qian Hu**”) today reported a 48.1% decline in first quarter net profit attributable to shareholders to \$523,000 as a result of lower Dragon Fish prices arising from an oversupply situation in Malaysia.

This was due to the setting up of many new farms in Malaysia which bred the highly-prized Asian Arowana in recent months. Consequently, the Group's revenue dipped 14.8% to \$20.6 million in the three months ended 31 March 2012.

On a segmental basis, sales of the Group's Ornamental Fish were lower by 23.6% to \$9.7 million, mitigated by contributions from its newly set up subsidiary in Indonesia, as well as increased exports of ornamental fish to more customers and countries.

Its Accessories business declined by 5.8% to \$8.0 million due to the disposal of its Guangzhou factory, partially offset by higher revenue generated from the export of its Accessories products.

Revenue from its plastics business remained steady, rising 3.3% to \$2.9 million in the current quarter.

Comparing with previous 4Q2011

When compared to the preceding 4Q2011, the Group's sales of Ornamental Fish in 1Q2012 were 31.3% higher due to the absence of the prolonged flooding situation in Thailand last year. Sales of Accessories were lower by 12.1% due to the disposal of the Guangzhou factory, and Plastics grew by 2.2%.

Operating Profit

Ornamental Fish

In line with lower revenue achieved in 1Q2012, the operating profit from Ornamental Fish segment slid 66.5% to \$450,000, due to lower margins of Dragon Fish arising from the price war in Malaysia.

Accessories

The profitability of its Accessories business grew by 13.3% to \$487,000 due to better profit margin yielded from the growth in the export of its accessories products.

Plastics

Profitability from its Plastics division grew marginally by 0.8% to \$261,000 due to lower raw material prices despite registering a marginal dip of 3.3% in revenue in 1Q2012.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "The Dragon Fish value chain has shifted from breeders to distributors in recent months. This requires us to restructure this particular segment of the business. Despite the intense competition led by a flurry of breeding farms there, we see this as an opportunity to increase our Dragon Fish sales to our Northeast Asian markets, particularly China where we have a robust market share, a widening distribution work, and strong brand equity, even though selling prices have come down significantly.

Despite these challenges, our other business segments such as Ornamental Fish export and distribution, Accessories distribution and Plastics manufacturing remain resilient and will continue to generate respectable profit margins and healthy cash flow.

Barring unforeseen circumstances, we envisage that the restructuring of our Dragon Fish business may bring about greater fluctuations in our financial results from quarter to quarter.”

Per Share Data

Based on the Group's latest first quarter results, Qian Hu achieved earnings per share on a fully diluted basis of 0.12 Singapore cents and net assets backing per share of 16.33 Singapore cents as at 31 March 2012.

#

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:

- 1. The first company in the ornamental fish industry in Singapore to be listed on the Mainboard of the Singapore Exchange.*
- 2. The first integrated ornamental fish service provider in Singapore, Malaysia and Thailand to be awarded the ISO 9002 certification for its quality management system.*
- 3. The first in the ornamental fish industry to obtain ISO 14001 certification for its environmental management system.*
- 4. One of the first ornamental fish operations in Singapore to have successfully bred the Dragon Fish and Arapaima for commercial sale.*
- 5. The first SME to receive the Singapore Quality Award in 2004.*
- 6. First SME to receive the Best Managed Board Award (Merit) at the Singapore Corporate Awards in 2008.*
- 7. First Dragon Fish breeder to engage in DNA research and development.*
- 8. 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)).*
- 9. First SME to receive the Singapore Quality Award twice - in 2004 and 2009.*
- 10. First SME to be awarded Gold for Best Managed Board in 2010 at the Singapore Corporate Awards.*