



PRESS RELEASE

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A stronger 3Q10 performance q-o-q for Qian Hu; net profit up 27.7% to \$1.2 million

- Marginal sales improvements all round – Group revenue up 1.0% to \$23.0 million q-o-q
- Directors expect a stronger second half, and confident of full-year profitability

SS'000	3Q10 ended 30/9/10	2Q10 ended 30/6/10	Growth (%)	3Q10 ended 30/9/10	3Q09 ended 30/9/09	Growth (%)	9 months ended 30/9/10	9 months ended 30/9/09	Growth (%)
Revenue	22,953	22,734	↑1.0	22,953	23,874	↓3.9	68,924	70,744	↓2.6
Gross Profit	7,920	6,952	↑14.0	7,920	8,218	↓3.6	22,274	24,618	↓9.5
Net Profit	1,213	950	↑27.7	1,213	1,683	↓27.9	3,575	4,745	↓24.7

SINGAPORE – 18 October 2010 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** (“**Qian Hu**”) today reported higher net profit attributable to shareholders for the third quarter ended 30 September, which rose 27.7% to \$1.2 million, compared to the preceding second quarter this year.

This was boosted by the resumption of supply of its higher-margin, self-bred Dragon Fish which also helped to drive its revenue up marginally by 1.0% to \$23.0 million in the latest third quarter.

All of its business segments, typically Ornamental Fish, Accessories and Plastics, reported marginal improvements in revenue contribution quarter-on-quarter (“q-o-q”). Despite the resumption of the supply of self-bred Dragon Fish, the Group’s Ornamental Fish segment posted a 0.1% revenue improvement to \$11.3 million largely due to a

stronger Singapore dollar which resulted in some of its export customers seeking cheaper alternatives. In addition, the anticipated curbs in government spending in Europe also contributed to the weaker demand from its European markets, which accounts for more than 20% of Qian Hu's ornamental fish revenue.

The sluggish European economy had similarly affected production orders from its OEM customers for the Group's Accessories segment which rose marginally by 0.8% to \$8.6 million despite positive efforts in exploring more untapped markets with strong growth potential. The Group is utilising the surplus capacity at its Guangzhou plant by producing a range of newly-developed filtration system which employ the brand-new Hydro-Pure technology that is able to improve water quality by as much as 50%. This new product is expected to boost the performance of the Accessories segment when it is fully rolled out within the current financial year. In a bid to hedge against the challenging European market, Qian Hu's Guangzhou plant will also increase its production for sales to the China domestic market in the coming quarters.

The Group's Plastics segment continued to generate strong sales, rising 5.1% to \$3.0 million.

Profitability

The sales of more higher-margin, self-bred Dragon Fish in 3Q10, coupled with the higher exports and sales of its accessories and plastics products contributed towards the surge of the Group's net profit, which surged q-o-q by 27.7% to \$1.2 million.

3Q10 versus 3Q09 ("y-on-y")

On a year-on-year basis, the Group posted a decline of 2.6% in revenue to \$68.9 million while net profit dipped 24.7% to \$3.6 million mainly due to the triple whammy effects of Icelandic volcanic ash over European airspace from April to May this year; FIFA World Cup which dampened demand for ornamental fish and accessories exports, and drought conditions in Malaysia which affected the production of Dragon Fish fry announced in the previous quarter. In addition, more resources had to be deployed to fulfil stricter European Union regulations concerning the export and import of ornamental fish which led the Group to explore other "non-traditional" markets for alternative supply of ornamental fish at a higher cost.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "We are glad that the triple whammy impact that we faced in the first half is truly behind us, and are looking forward to a much stronger second half. Our robust and diversified business model enables us to build a resilient balance sheet, and generate and maintain a strong operating cash flow while we continue to reduce bank borrowings in the fourth quarter. We envisage that Qian Hu will remain profitable in the fourth quarter and that the second half of FY2010 will be better than the first half."

EPS/NAV Per Share

Based on the Group's latest third quarter results, Qian Hu achieved earnings per share on a fully diluted basis of 0.81 Singapore cents and net assets backing per share of 16.05 Singapore cents as at 30 September 2010.

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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 500 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 Singapore Corporate Awards for Best Managed Board in 2008.*
- First Dragon fish breeder to engage in DNA research & 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 Year 2010 at the Singapore Corporate Awards.*