



## PRESS RELEASE

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## **Qian Hu posts lower 2Q profit over Europe's air travel woes, Bangkok riots and World Cup**

- *2Q10 net profit dipped 42.9% to \$950,000 on sales of S\$22.7 million*
- *Directors expect second half to be better than first half, and confident of full-year profitability*

SS'000	2Q10 ended 30/6/10	2Q09 ended 30/6/09	Growth (%)	6 months ended 30/6/10	6 months ended 30/6/09	Growth (%)
<b>Revenue</b>	22,734	23,718	↓ 4.1	45,971	46,870	↓ 1.9
<b>Gross Profit</b>	6,952	8,313	↓ 16.4	14,354	16,400	↓ 12.5
<b>Net Profit</b>	950	1,663	↓ 42.9	2,362	3,062	↓ 22.9

**SINGAPORE – 19 July 2010** – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** today announced that its net profit attributable to shareholders for the second quarter ended 30 June 2010 declined by 42.9% to S\$950,000 on the back of a 4.1% dip in revenue to S\$22.7 million.

Sales of ornamental fish dropped 5.6% to \$11.3 million due to widespread airport closures and flight cancellations in Europe from mid April to early May 2010 as a result of Icelandic volcanic ash over European air space, as well as the recent FIFA World Cup which dampened demand for ornamental fish exports. Drought conditions in Malaysia earlier in the year, as well as unstable weather conditions, also affected the production of Dragon Fish fry.

Qian Hu's accessories business was also impacted by the political riots in Bangkok, which occurred from mid- March to mid-May 2010. During this period, the Group's wholesale accessories activities, as well as its retail chain stores in Bangkok's downtown area, drew to a halt during the violent demonstrations and curfews. With the Group's Guangzhou factory experiencing lower export volume of accessories due to World Cup, revenue from the Group's accessories business declined by 6.3% to S\$8.6 million in the second quarter.

Sales from plastics activities, however, continued its steady rise, growing by 10.4% to S\$2.8 million, thanks to efforts in expanding customer base and product offerings.

### **First Half Performance**

For the six months ended 30 June 2010, Qian Hu posted a net profit of S\$2.4 million on sales of S\$46.0 million. With Europe typically accounting for more than 20% of Group revenue, and Thailand making up approximately 15% of the Group's total accessories revenue, Qian Hu's overseas sales dropped by 10.8% in the first half of 2010 while sales generated in Singapore grew 24.5%.

The Group's earnings per share on a fully diluted basis was 0.53 cents in 1H2010, while net assets backing per share was 15.95 cents as at 30 June 2010.

**Kenny Yap, Qian Hu's Executive Chairman and Managing Director**, said: "Thankfully, the triple whammy impact of air traffic disruptions in Europe, political turmoil in Bangkok and the World Cup are over! We see these as one-off, unforeseen incidences which will not dampen the Group's profitability for the full year of 2010.

We are also pleased that our Dragon Fish production is improving steadily since the second quarter, and this should help to elevate our margins in the second half of the year. In fact, we expect the second half of the year to be better than the first half, and are confident that the Group will continue to be profitable in FY2010."

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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.*