



PRESS RELEASE

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Qian Hu invests \$0.6M in Indonesian subsidiary; posts \$4.2M in FY10 net profit

- *Dividend of 0.5 cents per ordinary share proposed*

SS'000	FY2010 ended 31 Dec	FY2009 ended 31 Dec	Change (%)	4Q2010 ended 31 Dec	4Q2009 ended 31 Dec	Change (%)
Revenue	91,163	94,611	↓ 3.6	22,239	23,867	↓ 6.8
Gross Profit	29,247	32,710	↓ 10.6	6,973	8,092	↓ 13.8
Net Profit	4,209	6,544	↓ 35.7	634	1,799	↓ 64.8

SINGAPORE – 12 January 2011 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** announced today that it achieved full-year net profit attributable to shareholders of \$4.2 million for the year ended 31 December 2010 on sales of \$91.2 million.

During the year in review, sales of the Group's core Ornamental Fish business dipped 3.9% to \$45.2 million as production of self-bred Dragon Fish were affected by unusually dry weather in Singapore and Malaysia in the first four months of the year. Unusually heavy snowfall in North America and Europe also affected export deliveries due to the widespread airport closures and flight cancellations in December. 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 saw full-year sales declining by 7.0% to \$34.4 million. The Group is utilising surplus capacity at its Guangzhou plant for the production of its revolutionary Hydro-Pure filtration system which is able to improve water quality by as much as 50%. This new product is expected to boost the performance of the Accessories segment in FY2011. 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 be steady, with sales jumping 9.1% to \$11.6 million.

4Q10 Performance

In the latest fourth quarter, the Group's revenue dipped 6.8% to \$22.2 million with Ornamental Fish sales declining year-on-year by 8.8% to \$10.2 million, Accessories by 7.4% to \$9.1 million whilst Plastics grew 2.7% to \$2.9 million. Its pre-tax profit declined by 71.9% to \$723,000 due to lower revenue as described above, as well as a higher bad debt provision of \$182,000, as compared to \$60,000 provision in 4Q2009. The reduction in the supply of self-bred Dragon Fish had also affected the Group's profitability.

Mr Kenny Yap, Qian Hu's Executive Chairman and Managing Director:

"2010 was a very challenging year for the ornamental fish industry despite the strong recovery in the global economy. Despite these multiple whammies, Qian Hu continued to manage our cash flow and profit margin well. We managed to maintain our gross profit margin at around the 30% level, and despite a lower profit and higher dividend payout in FY10, we managed to lower our debt and increase our cash balances by S\$1.8 million."

"Our business model remains robust and diversified. Going forward, we will continue to build a resilient balance sheet, and our focus is on generating 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.”

Per Share Data

Based on its latest full-year results, the Group achieved earnings per share on a fully diluted basis of 0.12 Singapore cents, and posted net assets backing per share of 16.08 Singapore cents as at 31 December 2010.

Dividend

The Directors proposed a first and final dividend of 0.5 Singapore cents per ordinary share, which if approved by shareholders at our Annual General Meeting to be held on 11 March 2011, will be paid out on 8 April 2011.

Incorporation of subsidiary in Indonesia

Qian Hu also announced today the signing of an investment agreement with Joe Aquatic Indonesia, PT, an established exporter of mainly marine fish, ornamental fish and aquatic plants to more than 20 countries around the world.

With an initial paid-up capital of Rp 7 billion (S\$1.0 million¹), **PT Qian Hu Joe Aquatic Indonesia** (“PT QHJAI”) will be 55% held by Qian Hu, and will therefore be the Group’s subsidiary, and 35% held by Joe Aquatic Indonesia, PT. In addition, Mr Jimmy Tan, Managing Director of Qian Hu’s subsidiary in Thailand, Thai Qian Hu Company Limited, and Ms Narumol Lim, will each hold 5% in the share capital of PT QHJAI. PT QHJAI will primarily focus in the breeding, rearing, trading, exporting and importing of all kinds of ornamental fish and other related activities such as manufacturing and trading of aquarium accessories.

Commenting on its latest investment in Indonesia, Kenny said: “Indonesia has rich supplies of fish varieties, and is home to the CITES²-protected Dragon Fish. This investment will

¹ 1 Rp = S\$0.000143

² CITES denotes Convention on International Trade in Endangered Species

enable Qian Hu to tap the diversity of ornamental fish resources, and also provide an ambient platform for us to extend our Dragon Fish research beyond Singapore and Malaysia. We have taken a few years to get to know Mr Hendra Pranoto and his team and are pleased to seal our relationship through the formation of this subsidiary in Indonesia.”

“PT Qian Hu Joe Aquatic Indonesia will have the most advanced technology infrastructure for export and quarantine, advanced packing techniques and system, bio-secured farming, and the most up-to-date operational system to comply with various local and international regulations. We have big plans for Indonesia, and we believe that this is a synergistic investment as we meld our competitive strengths together and offer unique products and services to our enlarged customer base in the Asia Pacific region, the Middle East, North America, Europe and Russia. Now that we have sealed this investment in Indonesia, we will proceed to look at Vietnam, which is the other country on our radar screen,” Kenny added.

Said Mr Ir Hendra Pranoto, Director of Joe Aquatic Indonesia, PT, “With an established ornamental fish services group such as Qian Hu as our equity partner, PT QHJAI will have the resources and know-how to tap the vast sea of opportunities available in Indonesia. We believe that our business plan for Indonesia will also help the local industry increase its market share of the global ornamental fish export output.”

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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.*