



PRESS RELEASE

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Qian Hu posts one-time 3Q net loss of \$10.1 million mainly due to loss on disposal of a subsidiary and impairment loss

- *Sale and Purchase Agreement for disposal of Kim Kang signed today*
- *Propose special dividend of 0.5 cents per share to be paid in October 2013*
- *Group expects to perform better in 4Q2012*

SS'000	3Q12 ended 30/9/12	3Q11 ended 30/9/11	Change (%)	9M12 ended 30/9/12	9M11 ended 30/9/11	Change (%)
Revenue	21,686	21,522	0.8	64,614	69,025	(6.4)
Gross Profit	5,770	7,079	(18.5)	19,470	21,927	(11.2)
Net (Loss) Profit	(10,143)	574	(1,867.1)	(9,088)	2,580	(452.2)

SINGAPORE – 17 October 2012 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** (“Qian Hu” or, together with its subsidiaries, the “Group”) today reported a net loss attributable to shareholders of \$10.1 million for the third quarter ended 30 September 2012 mainly due to the disposal of its Malaysia-based Dragon Fish subsidiary, Kim Kang Aquaculture Sdn Bhd (“Kim Kang”), which has resulted in a loss on disposal of \$9.1 million. In addition, there was an impairment loss of \$0.3 million incurred in relation to the investment in an associated company. A reduced profit contribution from its ornamental fish business as a result of the intensive price competition from its Dragon Fish business segment, has also affected the Group’s profitability.

This was despite a marginal increase of 0.8% in Group revenue to \$21.7 million, led by higher contributions from its Accessories and Plastics businesses which grew by 24.2% and 3.2% respectively in the latest third quarter. Its core Ornamental Fish business slumped 17.7% mainly due to the intense price competition caused by the oversupply of Dragon Fish in Malaysia despite improving purchasing sentiment amongst its customers in Europe. It was also mitigated by higher revenue contributed by the Group's newly set-up subsidiary in Indonesia, and the increase in ornamental fish export to more customers and countries.

9 Months Performance

For the nine months ended 30 September 2012 ("9M012"), Qian Hu recorded a net loss of \$9.1 million on revenue of \$64.6 million.

The Group posted loss per share on a fully diluted basis of 2.0 Singapore cents in 9M2012, while net assets backing per share was 11.93 Singapore cents as at 30 September 2012.

Sale and Purchase Agreement for disposal of Kim Kang signed

Qian Hu also announced today that it has signed a Sale and Purchase Agreement ("SPA") with Mr Goh Siak Ngan, Kim Kang's Managing Director; his wife, Ms Koh Guat Lee, and their son, Mr Goh Sau Siang (together, "the Purchasers") for the sale of Qian Hu's entire 65% shareholding in Kim Kang. Mr Goh currently owns 35% of the issued and paid-up capital of Kim Kang.

Following the disposal, Qian Hu will receive a total consideration (the "Consideration") of \$9.4 million which will be satisfied by cash payment of \$3.9 million and the transfer of 1,000 tails of Dragon Fish brooder stocks worth \$5.5 million from the Purchasers.

Qian Hu will receive \$390,000 (10% of the cash portion of the Consideration) and 1,000 tails of brooder stocks upon the signing of the SPA. It will receive \$877,500 on each of the first, second, third and fourth anniversaries of the SPA date (being, in aggregate, 90% of the remaining cash portion of the Consideration).

Special Dividend

The Directors propose the payment of a special dividend of 0.5 Singapore cents per ordinary share in October 2013, around the first anniversary of the date of the SPA, after the first payment of \$877,500 is received.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "We are not surprised at this one-off net loss which was mainly a result of the disposal of Kim Kang as earlier announced in July 2012. Moving ahead, we will concentrate on producing premium Dragon Fish in Singapore, and expand our distribution of Dragon Fish to other Asian markets, particularly in China where demand continues to be strong. Meanwhile, we will grow our newly set-up export hub in Jakarta, Indonesia, and when it is fully operational, we will be on our way to becoming the biggest ornamental fish export company in the world."

"We are also heartened that demand from Europe has started to gain traction despite the continued economic uncertainty. We are also pleased that our Accessories and Plastics business segments remained resilient and will continue to generate respectable profit margins and healthy cash flow. We have launched a series of innovative, technology-led aquarium accessories products which have received encouraging response from both Asian and Western markets. Our LumiQ series of new-generation fish tanks, with in-built docking stations and passive speaker systems, has just won the Best New Product Awards this month at the Pet Expo 2012 in Australia!"

"We envisage that in just a matter of time, Qian Hu will truly be a knowledge-based and technologically driven company with marketing capabilities. Barring unforeseen circumstances, the Group expects to perform better in 4Q2012."

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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 and varieties 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.

Since its listing in 2000, Qian Hu (which means “Thousand Lakes” in Chinese), has been recognised for its best practices in corporate transparency and governance – such as the Securities Investors Association of Singapore’s Most Transparent Company Awards, and various accolades by the organisers of the Singapore Corporate Awards - Best Managed Board, Chief Financial Officer of the Year, Best Investor Relations and Best Annual Report Awards.

In 2012, the Group won top honours amongst SMEs at the Singapore Sustainability Awards organised by the Singapore Business Federation, and attained “Application Level C” from Global Reporting Initiative (GRI), the international standard for sustainability reporting.