



PRESS RELEASE

Contact Information:

Tishrei Communications

Ho See Kim, seekim@tishrei.sg

Tel: 96313602

Qian Hu posts 3Q net profit of \$88,000 on recovery of Dragon Fish business and strong sales of own-brand accessories

- *Operating profit from Ornamental Fish jumped 142% y-o-y as prices of Dragon Fish stabilised while enjoying higher sales growth in China. The Group expects revenue and profitability of its Ornamental Fish segment to increase in the coming quarters*
- *Higher market share of innovative, own-brand products drove operating profit of Accessories up 35.4%*
- *Special dividend of 0.5 Singapore cents per ordinary share (in relation to the disposal of Kim Kang) will be paid on 21 November 2013*

\$'000	3Q2013	3Q2012	Change (%)	9M2013	9M2012	Change (%)
Revenue	20,495	21,686	(5.5)	61,907	64,614	(4.2)
Gross Profit	6,206	5,770	7.6	18,210	19,470	(6.5)
Net Profit	88	(10,143)	NM	233	(9,088)	NM

Period ended 30 September

NM = Not meaningful

SINGAPORE – 17 October 2013 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** (“**Qian Hu**”) today reported that it achieved a net profit attributable to shareholders of \$88,000 in the third quarter ended 30 September 2013, reversing a net loss attributable to shareholders of \$10.1 million in the same period last year.

The earlier loss was mainly due to the disposal of its Malaysia-based Dragon Fish subsidiary, Kim Kang Aquaculture Sdn Bhd (“Kim Kang”), which resulted in a loss on disposal of \$9.1 million, as well as an impairment loss of \$0.3 million incurred in relation to the investment in an associated company and reduced profit contribution from its ornamental fish business as a result of the intensive price competition from its Dragon Fish business segment.

In its latest third quarter results, the Group’s net profit was boosted by the stabilisation of Dragon Fish prices since the middle of this year, higher sales of Dragon Fish in Northeast Asia, particularly China, and stronger performance of its proprietary brand of innovative accessories products.

This was achieved despite Group revenue posting a 5.5% dip to \$20.5 million, impacted by the reduction in revenue contribution following the disposal of its subsidiary Kim Kang Aquaculture in Malaysia.

However, this was partially offset by the higher sales volume of Dragon Fish in China, rising contributions from the Group’s new subsidiary in Indonesia, and increased exports to more customers and countries around the world. Sales of Ornamental Fish slid marginally by 2.1% to \$8.6 million in the latest third quarter.

Its other core business segment – Accessories – saw a 9.5% decline in revenue to \$9.2 million in 3Q2013, due to a difference in sales mix, as well as the shift in focus to selling the Group’s proprietary brand of innovative, better-margin products.

Revenue from its plastics business continued to be stable, decreasing marginally by 1.5% to \$2.7 million.

Operating Profit

\$'000	3Q2013	3Q2012	Change (%)	9M2013	9M2012	Change (%)
Ornamental Fish	263	(626)	142.0	610	148	312.2
Accessories	394	291	35.4	1,176	1,374	(14.4)
Plastics	149	222	(32.9)	549	703	(21.9)
Unallocated Corporate Expenses	(534)	(603)	11.4	(1,654)	(1,732)	4.5

Period ended 30 September

Ornamental Fish

In 3Q2013, operating profit from the Ornamental Fish segment surged 142.0% to \$263,000, brought about by the robust demand for Dragon Fish in Northeast Asia and the stabilisation of Dragon Fish prices. The Group expects to see growth in revenue and profitability of its Ornamental Fish segment in the coming quarters.

Accessories

The Group's Accessories segment similarly experienced a jump in 3Q2013 operating profit, rising 35.4% to \$394,000 due to a different sales mix which comprises more of the Group's proprietary innovative products with better margins.

Plastics

Despite a stable revenue contribution in the latest third quarter, the operating profit from Plastics was shaved by 32.9% to \$149,000 due to higher resin prices, coupled with the gradual increase in overall operational and market expansion costs.

Special Dividend

A special dividend of 0.5 Singapore cents per ordinary share (one-tier tax exempt) in relation to the disposal of Kim Kang, which was approved at the Extraordinary General Meeting held on 27 December 2012, will be paid on 21 November 2013. The Register of Transfer and the Register of Members of the Company will be closed on 6 November 2013 for the preparation of dividend warrants.

Per Share Data

Based on the Group's latest third quarter results, Qian Hu achieved earnings per share on a fully diluted basis of 0.02 Singapore cents and net asset value per share of 11.76 Singapore cents as at 30 September 2013.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "We are glad that the worst is over for our Dragon Fish business and prices have begun to stabilise. What's more assuring is the continued robust demand that we are seeing in Northeast Asia, particularly in China, for our Dragon Fish. Our Indonesian hub is also growing nicely and will be an important growth engine for our Ornamental Fish business.

What's equally exciting is our Group's strategy to leverage on innovation and advanced technology to transform Qian Hu into a next-generation ornamental fish company. We have a strong pipeline of new products that are game-changers for the Group, and we look forward to sharing more about them when we are ready to launch these products. We are doing all this to enable Qian Hu to be even more resilient and sustainable in the long run. Barring any unforeseen circumstances, the Group expects to remain profitable in 4Q2013."

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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.