QIAN HU CORPORATION LIMITED

(Company Registration No. : 199806124N)

DISPOSAL OF ENTIRE EQUITY INTEREST IN GUANGZHOU QIAN HU AQUARIUM AND PETS ACCESSORIES MANUFACTURING CO., LTD

The Board of Directors of Qian Hu Corporation Limited (the "**Company**"), together with its subsidiaries (the "**Group**"), wishes to announce that it has entered into a Sale and Purchase Agreement with Mr Liow Soon Kian (the "**Purchaser**") to dispose of its 100% equity interest in Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("**GZQH**"), a subsidiary of the Group (the "**Disposal**").

The Disposal was completed on 22 December 2011. Following the Disposal, GZQH has ceased to be a subsidiary of the Group.

INFORMATION RELATING TO GZQH AND THE PURCHASER

GZQH is a company established in Guangzhou, the People's Republic of China ("PRC"). As at the date announcement, the registered and paid up capital of GZQH is US$1,000,000 and its principal activity is the manufacturing of aquarium and pet accessories.

The Purchaser, an entrepreneur, is not related to the directors or controlling shareholders of the Company and has no interest in the shareholdings of the Company.

RATIONALE FOR THE DISPOSAL

The Disposal is part of the Group's strategic plan of renouncing its existing operations in relation to the manufacturing of aquarium accessories in the PRC and redirecting its effort to concentrate on research and development ("R&D") for more innovative and high margin products as well to strengthen its marketing capability that will help to enhance the market position of its accessories business in PRC. It will also enable the Group to focus on its core expertise and to further expand the distribution network of its accessories business in the PRC.

CONSIDERATION AND THE USE OF PROCEEDS

The consideration for the Disposal is US$10,000 or approximately S$13,000 (the "**Consideration**"), which will be satisfied in cash. As GZQH was in a negative net assets position of approximately $1 million as at 30 October 2011, the Consideration was arrived at based on commercial negotiations between the Purchaser and the Company on a "willing-buyer, willing-seller" basis, after taking into consideration the goodwill established by GZQH and the future business collaboration between both parties. The proceeds from the Disposal will be redeployed for the core business of the Group.

The net gain from the Disposal, after netting off the relevant cost to the Disposal, is approximately $0.9 million at the Group level.

RULE 1006 OF THE LISTING MANUAL

Based on the unaudited financial statements of the Group for the nine months ended 30 September 2011 announced on 16 October 2011, the relative figures in respect of the Disposal as computed on the bases set out pursuant to Rule 1006 of the Listing Manual of SGX-ST are as follows:-

(a)	Net asset value ("**NAV**") of assets to be disposed of, compared with the group's net asset value. This is not applicable to an acquisition of assets.	(1.32%)
(b)	Net loss attributable to the assets acquired or disposed of, compared with group's net profits.	(6.65%)
(c)	Aggregate value of the consideration given or received, compared with issuer's market capitalisation.	0.04%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable (No consideration shares)

(1) GZQH was in a negative NAV position as at 30 September 2011 of approximately $0.96 million.

(2) GZQH incurred unaudited loss before income tax for the nine months ended 30 September 2011 of approximately $0.25 million.

As the relative figure set out in Rule 1006(b) exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction within the definition of Chapter 10 of the Listing Manual of SGX-ST, for which the approval of the shareholders of the Company is not required.

FINANCIAL EFFECTS

For the purpose of illustrating the financial effects of the Disposal, the following assumptions have been made:

(i) the financial effect of the Group's earnings per share ("**EPS**") is computed assuming that the Disposal had been completed on 1 January 2010, the start of the latest audited financial year of the Group; and

(ii) the financial effect of the Group's net tangible assets ("**NTA**") is computed assuming that the Disposal had been completed on 31 December 2010 being the date to which the latest full-year audited accounts of the Group were made up.

The illustrative financial effects on the Group before and after the Disposal based on the latest audited consolidated financial statements for the financial year ended 31 December 2010 are set out as follows:-

(i) Earnings per share

	Before the Disposal	**After the Disposal**
Profit attributable to equity holders of the Company ($'000)	4,209	3,968
Weighted average number of shares ('000)	446,606	446,606
Basic EPS (cents)	0.94	0.89

(ii) NTA per share

	Before the Disposal	After the Disposal
NTA ($'000)	70,722	71,402
Number of shares ('000)	454,106	454,106
NTA per share (cents)	15.57	15.72

As the financial effects presented above are pro-forma in nature and only for illustrative purposes, it is not intended to reflect the actual financial position and/or results of the Group immediately after the completion of the Disposal.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors (other than in the capacity as a director or shareholder of the Company) or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

BY ORDER OF THE BOARD
Kenny Yap Kim Lee
Executive Chairman and Managing Director
23 December 2011