



QIAN HU CORPORATION LIMITED
(Company Registration No. : 199806124N)

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

The Board of Directors of Qian Hu Corporation Limited (“**Qian Hu**” or the “**Company**”), together with its subsidiaries (the “**Group**”), wishes to announce that it has today entered into a Sale and Purchase Agreement (the “**S&P Agreement**”) to acquire the entire equity interest in Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“**GZQH**”), a former subsidiary of the Group (the “**Acquisition**”).

INFORMATION RELATING TO GZQH

GZQH is a company established in Guangzhou, the People’s Republic of China (“**PRC**”). As at the date of the announcement, the registered and paid up capital of GZQH is US\$1,000,000 and its principal activities are those relating to the manufacture of aquarium and pet accessories.

GZQH is presently wholly-owned by Mr Liow Soon Kian (the “**Vendor**”). He is the legal representative, who has been guiding and overseeing the daily operations of GZQH since he acquired the company from the Group back in December 2011.

The Vendor 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 ACQUISITION

The Acquisition is part of the Group’s strategic plan to streamline our existing accessories operations in the PRC. During the previous financial year ended 31 December 2018, the Company has disposed of its subsidiary in Shanghai with the intention to consolidate the various PRC’s operations into a single location, i.e. in Guangzhou, eventually. This move was mainly to trim down the duplication of operating costs incurred from the different locations, in addition to working towards a more efficient and effective inventory management and logistic system.

Having focused on our core expertise in expanding the distribution network of our accessories business in the PRC, the Acquisition is expected to strengthen the Group’s supply chain as GZQH has been manufacturing Qian Hu’s proprietary innovative products for more than a decade. It possesses the operational resources and capacity to ensure consistency in the quality and supply of these accessories products, as well as to enable the building of the Group’s research and development (“**R&D**”) capabilities, creating a platform for the development of more innovative and high margin products, as we venture into more untapped markets and the aquaculture business segment.

The Acquisition will thus be a meaningful backward integration for the Group, which we are confident that it will enhance our ability to grow our market position of our accessories business in the PRC in the coming years.

CASH CONSIDERATION

Under the terms of the S&P Agreement, the consideration for the Acquisition is US\$10,000 or approximately S\$13,500 (the “**Consideration**”), which will be satisfied in cash generated from operations. As GZQH was in a negative net assets position as at 31 December 2018, the Consideration was arrived at based on commercial negotiations between the Vendor and the Company on a “willing-buyer, willing-seller” basis, taking into consideration the synergies and the future potential of GZQH.

CONDITIONAL AGREEMENT

The Acquisition is subject to the completion of all legal and financial due diligence on GZQH, the results of which must be satisfactory to Qian Hu. The Acquisition is also subject to all relevant regulatory approvals.

Upon the successful completion of the Acquisition, GZQH will become a wholly-owned subsidiary of the Company.

FINANCIAL EFFECTS

The value of the Acquisition does not constitute a discloseable or a major transaction within the definition of Chapter 10 of the Listing Rules of the Singapore Exchange Securities Trading Limited.

The Acquisition is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2019.

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 Acquisition.

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
22 March 2019