



PRESS RELEASE

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Qian Hu posts 2Q net profit of \$22,000

- *Group revenue in 2Q dipped marginally to \$21.1 million, dragged by a 30.6% reduction in Plastics sales due to price increase in January 2014 as a result of higher raw material prices.*
- *Ornamental fish and accessories revenue, however, rose 3.8% and 7.5% respectively.*
- *Continues to leverage on innovation and advanced technology to transform Qian Hu into a next-generation ornamental fish company with a strong pipeline of innovative accessories products.*

\$'000	2Q2014	2Q2013	Change (%)	1H2014	1H2013	Change (%)
Revenue	21,069	21,199	(0.6)	41,767	41,412	0.9
Gross Profit	6,299	5,896	6.8	12,501	12,004	4.1
Net Profit	22	83	(73.5)	137	145	(5.5)

Period ended 30 June

SINGAPORE – 14 July 2014 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** (“Qian Hu”) announced today that its net profit attributable to shareholders in the second quarter ended 30 June 2014 declined by 73.5% to \$22,000.

This was largely the result of significantly lower sales of plastics products impacted by higher raw material prices that spurred the Group to raise selling prices of its plastics products in January 2014, as well as a foreign exchange loss arising from the Group’s Ornamental Fish business due to the weakening of the Renminbi (RMB) and Indonesian Rupiah during the said quarter.

However, revenue from its key business segments of Ornamental Fish and Accessories, which improved year-on-year by 3.8% and 7.5% respectively, helped to mitigate the situation, resulting in a marginal dip of 0.6% in the Group's second quarter revenue to \$21.1 million.

In 2Q2014, Qian Hu managed to sell more quantities of Dragon Fish to its Northeast Asian markets, particularly China where the Group enjoys a robust market share, expanding distribution network and a strong brand following. It envisaged that this growth in Dragon Fish demand would continue to be sustainable in the coming quarters.

In addition, revenue contribution from Indonesia, as well as their continual efforts to increase its export of ornamental fish had helped to mitigate the negative impact of the Plastics business.

Higher turnover from its other key business segment – Accessories – was due to the Group's focus on selling its proprietary brands of innovative products as well as a difference in sales mix.

Operating Profit

\$'000	2Q2014	2Q2013	Change (%)
Ornamental Fish	239	226	5.8
Accessories	382	364	4.9
Plastics	81	168	(51.8)

Period ended 30 June

Ornamental Fish

In line with relatively consistent revenue year-on-year, the operating profit from the Ornamental Fish segment increased marginally by 5.8% to \$239,000.

Accessories

Notwithstanding the higher revenue achieved by the Group's Accessories segment, its operating profit rose marginally by 4.9% to \$382,000 due to a different sales mix and its on-going efforts to capture more sales which affected the profit margin from accessories.

Plastics

Higher resin prices, coupled with the gradual increase in operational costs and lower revenue contribution, had led to the 51.8% decline in operating profit.

As at 30 June 2014, the Group's cash and cash equivalents stood at \$6.7 million.

EPS and NAV Per Share

Based on the Group's latest half-year results, Qian Hu posted earnings per share on a fully diluted basis of 0.03 Singapore cents and net assets value per share of 11.15 Singapore cents as at 30 June 2014.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "We are pleased that our key business segments of Ornamental Fish and Accessories continue to perform within expectation. Charging ahead, we remain focused on the transformation of Qian Hu into a next-generation ornamental fish company powered by our relentless efforts to churn out exciting new accessories products and boosting efficiency and productivity with advanced technology. At the recent Interzoo 2014 held in Nuremburg, Germany, we were encouraged to see many potential customers from major retailers from the United States and Europe expressing their interest in our innovative products. I think it is high time that an Asian ornamental fish company is beginning to make waves at an international level."

"The Group's cutting-edge Dragon Fish research had also made great strides in the international scientific community, after being published in eleven renowned journals such as the international, peer-reviewed publication PLOS ONE."

"Next up, we are looking forward to the upcoming China International Pet Show to be held in Beijing later this year where we will be launch a few more revolutionary products that will woo both Asian and international buyers."

"The automation of our Singapore farm is also progressing very well and within the next year or so, Qian Hu will score another first in the area of farm productivity within the global industry, while Qian Hu is well on track to becoming the first Dragon Fish farm in the world to genetically produce unique Dragon Fish in the next few years," he added.

Barring any unforeseen circumstances, the Group will continue to grow its revenue and be profitable in FY2014.

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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.