



PRESS RELEASE

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Qian Hu diversifies into farming of antibiotic-free edible fish in China; posts net profit of \$36,000 in 4Q2016

- *4Q2016 revenue higher by 14.4% due to better performance from all core segments particularly the Accessories business*
- *Expects business landscape to remain challenging*

\$'000	4Q2016	4Q2015	Change (%)	FY2016	FY2015	Change (%)
Revenue	22,112	19,335	14.4	80,470	77,970	3.2
Gross Profit	6,054	5,684	8.8	23,739	22,164	7.1
Net Profit/(Loss)	36	(198)	118.2	68	19	257.9

Period ended 31 December

SINGAPORE – 12 January 2017 – Mainboard-listed integrated ornamental fish service provider **Qian Hu Corporation Limited** (“**Qian Hu**”) today announced that it has set up a 51%-owned subsidiary, Qian Hu Aquaculture (Hainan) Co., Ltd, to farm antibiotic-free edible fish, such as groupers, in Hainan Province, China.

Qian Hu Aquaculture (Hainan), with a registered capital of RMB 6 million (S\$1.2 million), is also 49% owned by a third party who is in the business of herbal medications.

The edible fish farm, which occupies a land area of approximately 0.4 hectares with a lease tenure of 16.5 years, is expected to farm varieties of edible fish, primarily for the China market.

Said **Kenny Yap, Qian Hu's Executive Chairman and Managing Director**, "We are very excited about the prospects of the edible fish business. If we are able to execute it correctly, this business will be many times bigger than our ornamental fish, and we expect this new aquaculture business to contribute positively to the Group as early as FY2018. We believe that we have the competitive advantage because of our proven track record in breeding and farming of ornamental fish, as well as our HYDROPURE filtration technology that is able to create a clean, optimum ecosystem for edible fish. In addition, our cutting-edge fish nutrition capabilities, as well as our business partner's expertise in herbal medications, will help grow the fish and keep them healthy and antibiotic-free."

4Q/FY2016 Financial Highlights

The Group today reported a net profit attributable to shareholders of \$36,000 for the fourth quarter ended 31 December 2016. This was achieved on the back of a 14.4% increase in Group revenue to \$22.1 million, thanks to higher contributions from its core business segments all-round, particularly the Accessories business.

Revenue By Segments

\$'000	4Q2016	4Q2015	Change (%)
Ornamental Fish	7,974	7,695	3.6
Accessories	11,215	8,831	27.0
Plastics	2,923	2,809	4.1

Period ended 31 December

In the latest quarter, sales of Ornamental Fish grew 3.6% to nearly \$8.0 million largely due to the gradual recovery from its European markets, as well as the Group's continual efforts to diversify its Ornamental Fish exports to more customers and more countries around the world through its export hubs in Singapore, Malaysia, Thailand and Indonesia.

Revenue from Accessories surged by 27.0% to \$11.2 million in 4Q2016, due to higher exports through its overseas distribution network as well as new untapped markets. Its subsidiaries in Malaysia and Thailand managed to expand its local distribution network to capture more sales while its newly acquired subsidiary in Guangzhou saw initial sales contributions during the latest quarter.

The Group's Plastics segment remained consistent, expanding by 4.1% to \$2.9 million.

As at 31 December 2016, the Group's cash and cash equivalents stood at \$8.7 million.

Operating Profit By Segments

\$'000	4Q2016	4Q2015	Change (%)
Ornamental Fish	(58)	76	(176.3)
Accessories	175	143	22.4
Plastics	199	183	8.7
Unallocated Corporate Expenses	(444)	(394)	(12.7)

Period ended 31 December

Ornamental Fish

Despite slightly higher sales recorded in the latest fourth quarter, the operating profitability of the Group's Ornamental Fish segment declined by 176.3%, registering an operating loss of \$58,000, due to a different sales mix in fish exports and the gradual escalation in operating costs. However, the ornamental fish export business continued to generate stable revenue and respectable profit margins.

Accessories

Operating profit of its Accessories segment bucked the trend by jumping 22.4% to \$175,000 due to its on-going efforts to capture more sales of its proprietary brands of innovative products.

Plastics

The Plastics segment recorded an increase of 8.7% in fourth quarter operating profit to \$199,000, in line with its stable revenue contribution.

EPS and NAV Per Share

In 4Q2016, Qian Hu's earnings per share on a fully diluted basis amounted to 0.03 Singapore cents while net asset value per share rose marginally to 44.48 Singapore cents as at 31 December 2016.

Dividend

There was no final dividend recommended in respect of FY2016 due to cash utilised for the renewal of the land leases of the Singapore farm and for the investment in the new aquaculture business in FY2017. The Company will resume its dividend payout once its new business activity starts contributing results.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "The business landscape continues to be challenging, requiring us to be continually innovative, nimble and agile. Over the years, we have shown ourselves to be resilient, sparing no effort to transform ourselves so as to stay ahead of the competition and to strengthen our business fundamentals. We will continue to focus on innovation to expand our pipeline of compelling products particularly in the areas of filtration, fish nutrition and genetic breeding of unique Dragon Fish, as we move ahead to achieve our vision of being the world's largest ornamental fish company."

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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. Since the inception of Singapore Corporate Awards, Qian Hu has been the only listed company to have bagged the most number of awards – 13 awards in total (eight Gold, two Bronze, two Merit and one Best Chief Financial Officer Award).

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.