



PRESS RELEASE

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Qian Hu posts 4Q13 net profit of \$69,000 as margins of fish and accessories jump

- Group revenue in 4Q13 rose 8.7% to \$21.6 million with sales of fish and accessories surging 11.0% and 7.2% respectively
- Final dividend of 0.1 Singapore cents proposed - to be paid out on 15 April 2014
- Group's strategic focus on innovation to take it to its next level of growth will see the automation of its fish operations, cutting-edge product developments in filtration, fish nutrition and genetic-breeding of unique Dragon Fish

\$'000	4Q2013	4Q2012	Change (%)	FY2013	FY2012	Change (%)
Revenue	21,555	19,829	8.7	83,462	84,443	(1.2)
Gross Profit	5,995	5,911	1.4	24,205	25,381	(4.6)
Net Profit	69	(49)	240.8	302	(9,137)	103.3

Period ended 31 December

SINGAPORE – 10 January 2014 – 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 \$69,000 in the fourth quarter ended 31 December 2013 due to the stabilisation of Dragon Fish prices since the middle of FY2013, higher sales of Dragon Fish in Northeast Asia, and stronger performance of its proprietary brands of innovative accessories products.

This was achieved as Group revenue rose 8.7% to \$21.6 million, thanks to all-round improvements in its Ornamental Fish, Accessories and Plastics segments. This was despite Ornamental Fish sales being affected by the on-going anti-government protests and

demonstrations in Bangkok as well as the prolonged flooding in Southern Thailand since mid November 2013.

Notwithstanding, sales of Ornamental Fish in the latest fourth quarter jumped 11.0% to \$8.7 million as the Group had managed to sell more quantities of Dragon Fish to China and other parts of Northeast Asia, thanks to its robust market share, widening distribution network and strong brand identity. The Group envisages that the revenue and profitability of this segment will continue to see a steady growth in the coming quarters.

Sales of Accessories rose 7.2% to \$9.9 million as a result of a different sales mix and the Group's focus on driving the growth of its own brands of innovative, higher-margin accessories products.

In the latest quarter, the Group sold more varieties of plastics products to more customers, driving revenue from this segment up 7.3% to \$3.0 million.

Operating Profit

\$'000	4Q2013	4Q2012	Change (%)	FY2013	FY2012	Change (%)
Ornamental Fish	216	106	103.8	826	254	225.2
Accessories	430	375	14.7	1,606	1,717	(6.5)
Plastics	164	236	(30.5)	713	939	(24.1)
Unallocated Corporate Expenses	(537)	(577)	6.9	(2,191)	(2,309)	5.1

Period ended 31 December

Ornamental Fish

In 4Q13, operating profit from Ornamental Fish more than doubled to \$216,000, boosted by the stabilisation of Dragon Fish prices, the continued strong demand for Dragon Fish from the Group's Northeast Asian markets, particularly China, as well as the resilience of the Group's fish export business.

Accessories

A different sales mix focused more on Qian Hu's proprietary brands of innovative products drove margins upwards in 4Q13. The operating profit from this segment rose by 14.7% to \$430,000, making Accessories the top profit contributor of the Group.

Plastics

Despite revenue increasing by 7.3% in 4Q13, this segment's operating profit dipped by 30.5% to \$164,000 due to the increase in the prices of resins and operating costs.

Per Share Data

Based on the Group's latest results, Qian Hu achieved earnings per share on a fully diluted basis of 0.02 Singapore cents in the fourth quarter, and net asset value per share of 11.23 Singapore cents as at 31 December 2013.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "We are cautiously optimistic that our performance in Thailand will continue to be resilient despite momentary declines in sales due to the political situation in Bangkok. Overall, with the stabilisation of Dragon Fish prices, the continued robust demand of our Dragon Fish in China, the growth of our Indonesian hub, and as we expand our fish export business to more than 100 countries, we envisage that we are on track to achieving our long-term goal of gradually increasing our global market share, from the current 5% to 10%.

In 2014, we expect to automate our fish operations by leveraging on our HYDRAPURE technology, transforming our fish farm into a next-generation, high-technology operation which will elevate our productivity to a whole new level within the next two years. As soon as this is successfully implemented, we will then replicate this automation in our regional fish hubs in Thailand, China, Malaysia and Indonesia.

Our Accessories segment, which will similarly grow to more than 60 countries, will have an exciting pipeline of innovative, proprietary products such as cutting-edge filtration and sterilisation systems as well as a wide range of new-generation aquarium accessories using our HYDRAPURE technology. Our early-mover advantage in fish nutrition, seeking to replace the inconvenience of live feeds with our highly-nutritious proprietary fish foods, as well as our leading-edge Dragon Fish research, which we began in 2007, will raise our Group's competitive edge. Qian Hu will be the first Dragon Fish farm in the world to genetically produce unique Dragon Fish in the next few years.

We are doing all this to enable Qian Hu to be even more resilient and sustainable in the longer term. Barring any unforeseen circumstances, the Group will continue to grow its revenue and remain profitable in FY2014."

Dividend

The Directors proposed a final dividend of 0.1 Singapore cents per ordinary share, which if approved by shareholders at the Annual General Meeting to be held on 18 March 2014, will be paid out on 15 April 2014.

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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.