



**INNOVATION** IMPROVES  
THE PRODUCTIVITY, AND  
CREATES NEW VALUES, FOR  
THE ENTIRE GROUP.

**Dear Friends,**

Qian Hu's performance in FY2012 was impacted by two major scenarios – the prolonged uncertainty of the Eurozone crisis (some 40% of our Group's exports are to Europe), and the rapid flooding of mass-market Dragon Fish in Malaysia which caused selling prices to plummet to such a great degree that we no longer think that it is viable to maintain our investment in our Batu Pahat-based subsidiary, Kim Kang Aquaculture Sdn Bhd as it was incurring losses and producing negative cash flow. The disposal of Kim Kang will unlock the value of its assets and allow the Group to rationalise its financial and capital resources.

This was indeed a tough decision, but one that our board of directors and senior management had to seriously consider and after much deliberation, decided that it would be a drastic, but necessary action. Back in 2003, our decision to invest in a Dragon Fish breeder such as Kim Kang made a lot of sense because the focus was on securing upstream supply. Things have since changed – now the market is focused on distribution prowess.

When tides change, we must not hold on to old decisions for the sake of saving face and hope that the situation will improve. Instead, we have to act, and act swiftly we must. The directors decided to cut losses and deploy our resources to create more value such as building our distribution network in Asia, particularly China and India.

We are thankful that our shareholders, at an Extraordinary General Meeting held on 27 December, approved the disposal of our entire 65% shareholding in Kim Kang for a total consideration of \$9.4 million which will be satisfied by the cash payment of \$3.9 million and the transfer of 1,000 tails of Dragon Fish brooder stocks worth \$5.5 million.

The cash proceeds from this disposal will be redeployed to reduce our bank borrowings, and to pay a special dividend to our shareholders in October 2013. Meanwhile, in response to our FY2012 results, the Directors are pleased to propose a final dividend of 0.2 cents per ordinary share.

### **INNOVATION – KEY TO GROWTH**

We continue to reiterate that in our next lap of growth, Qian Hu will have to build on its rich knowledge capital via R&D to revolutionize our product offerings, and create market demand whether it is in our service as an ornamental fish distributor, or brand creator of aquarium and pet accessories. Innovation is indeed key to Qian Hu's sustainability, and our ability in riding through the volatility of business cycles. Innovation improves the productivity, and creates new values, for the entire Group.

Over the years, we have imbibed a culture of innovation throughout the Group which spurred a strong pipeline of products not limited to Accessories, but also in the customization of Dragon Fish (a follow-through of the research initiatives with Temasek Life Sciences), and business processes. Our focus is not on short-term challenges, but in achieving long-term sustainability.

### **ACHIEVEMENTS IN SUSTAINABILITY REPORTING**

We are pleased to receive a C rating from Global Reporting Initiative for our maiden Sustainability Report 2011. We were equally excited at receiving Top Honours in the SME category at the Singapore Sustainability Awards 2012 organised by the Singapore Business Federation.

Whilst we work tirelessly to meet our business challenges head-on and with gusto, Qian Hu will continue our tradition of instilling goodwill and confidence in our expanded sphere of stakeholders that have interests beyond corporate profitability.

### **CONCLUSION**

With our clear growth strategy, coupled with a healthier balance sheet with good assets that would create new value, we trust that our shareholders and investors will give us the time to pull everything together even as we continue our quest to create sustainable businesses that will last beyond generations.



**KENNY The Fish**  
Executive Chairman & Managing Director

# 主席的话

各位朋友，大家好！

仟湖鱼业2012财政年的业绩受到两大外在因素影响——欧元区危机持续性不稳定（本集团约40%的出口是到欧洲市场），以及在马来西亚迅速充斥大众化市场的龙鱼，造成销售价格暴跌到几乎无利可图的程度。因蒙受亏损及出现负现金流，我们认为须放弃投资在峇株巴辖的子公司金江水族宠物有限公司。出售金江将释放其资产价值，让本集团重整其财务及资本资源。

这的确是一个艰难的决定，但却是一个需要认真考虑，并且经过我们的董事以及高级管理层深思熟虑后所作出的一个重大但必须的抉择。回顾2003年时，我们为确保持续上游供应量而决定投资在例如金江的龙鱼饲养场是正确的。但是局势已经改变，目前市场着重于分销的实力。面对局势变化时，我们不应为了挽留颜面，坚持于旧的决定，并希望情况会有所改善。相反的，我们必须当机立断采取行动。董事会决定减少亏损，并部署我们的资源以创造更多的价值，如在亚洲建立分销网络，尤其是在中国和印度开拓市场。

我们非常感谢我们的股东，在12月27日举行的特别股东大会上，通过批准我们转售所持有的全部65%的金江股权，总值940万元，包括支付390万元的现金及转让总市值为550万新元的一千条龙鱼。

这次脱售所得的现金，将用于减少我们的银行贷款，并且也会在2013年10月派发给我们的股东一次性的特别股息。同时，在我们2012财政年的业绩，董事会欣然建议发放每一普通股0.2分的年终股息。

## 创新 - 增长的关键

我们重申在下一阶段的增长，仟湖鱼业必须在其丰富的知识资本上，无论是作为观赏鱼分销商，或是水族及宠物配件的品牌创造者，通过研发革新我们的产品供应并且创造市场需求。创新的确是确保仟湖鱼业可持续发展的关键，也使我们有能力渡过商业周期的波动起伏。创新将有助提高生产效率，也为整个集团创造新的价值。

多年来，我们集团上下贯彻的创新文化，带动了系列产品的开发计划。这不仅于在配件产品方面，也包括了龙鱼的定制（与淡马锡生命科学研究院研究提案的后续通过）及业务流程。我们所着重的并不是应付短期的挑战，而是在于实现长期的可持续发展。

## 可持续发展报告所取得的成就

我们很高兴我们的首份可持续发展报告2011获得全球报告倡议组织（Global Reporting Initiative）所颁发的C级评选。对于能在由新加坡工商联合总会所举办的2012年新加坡可持续发展奖中取得中小企业组的最高荣誉奖，我们也感到非常兴慰。

除了努力不懈地应付所面对的业务挑战之际，仟湖鱼业将持续惯例，在超越企业盈利之外，给予我们日益增加的投资者更大的信心与商誉的保证。

## 结论

有了明确的发展策略，再加上更良好的资产负债表、及能够创造新价值的优良资产，我们相信，我们的股东和投资者会给予我们时间，让我们能继续的共同创造可持续发展的企业，直到世代代。



叶金利  
执行主席兼总裁