

MESSAGE FROM THE FISH



Dear friends,

What a year this has been! We continually faced bouts of market volatility and market, economic uncertainty and geo-political turbulence that seemed to challenge our confidence and stretch our tenacity and resilience unceasingly. The good and bad news is that these challenges are here to stay, well, at least for a while.

In the mean time, the Group's Ornamental Fish sales continued to be affected by depressed markets in the Eurozone and Russia as Europe historically accounts for more than 20% of the Group's ornamental fish business. In addition, volatility in China's domestic stock markets and weak economic data weighed down on demand for our Dragon Fish.

As a result of Malaysia's domestic political uncertainties and the devaluation of the Ringgit against major currencies, including the Singapore dollar, which affected consumer demand for our Accessories products.

The only bright spark this year was the performance of our Plastics segment which saw sales jumping 5.3% and profitability surging by 70.9% in FY2015.

Despite a very challenging business environment, the Group is focused on driving transformation and innovation while keeping a tight rein on overheads and operating expenses. We are unwavering in our commitment to transform Qian Hu into an innovative ornamental fish company, focusing on cutting-edge product developments in filtration, fish nutrition and genetic-breeding of unique Dragon Fish. We will also focus on building a strong pipeline of innovative, higher-margin products.



FARM AUTOMATION

I am happy to report that Qian Hu's automation is completed and our farm here is the first in our industry to achieve such levels of productivity and automation. This system incorporates the Intensive Multi-Tier Automated Water Recirculation Tank Holding System that enables us to deploy the same number of workers to take care of more tanks. In addition, this system reduces the amount of water required in the quarantine process while raising fish capacity by up to 50% compared to conventional methods. Our staff can also use a PDA with Navision software to check stock inventories and movement – thereby enhancing work efficiency and reliability. Our next project is to check on the feasibility of designing a fish counting device to accurately count fishes as part of our inventory monitoring system.

R&D/NEW PRODUCTS

Meanwhile, our Hydro-Pure technology continues to gain stronger momentum, particular in Europe and North Asia where customers are requesting for more products to be integrated with this revolutionary filtration technology. In response to the increasing demand for small aquariums (or nano tanks), we launched the "OF Hydra Nano Plus" in 2015 which are loaded with innovative features such as built-in surface skimming and terrarium tank applications, thereby enhancing the product's versatility and value-add.

We are also in the process of developing a series of Canister filters with our proprietary Hydro-Pure technology. A prototype was displayed at the China International Pet Show (CIPS) held in Shanghai in November 2015, and we plan to launch this product at the Interzoo Expo in May 2016.

Our exciting range of marine accessories under the RevoReef brand continues to make inroads in important markets such as Europe. Moving ahead, we are focusing on developing more

products for marine tank applications to expand the RevoReef product range, such as marine LED lighting accessories and de-nitrators.

Our innovative fish nutrition product - "Insta Fresh" eliminates the hassle of traditional fresh feeds that require refrigeration. With our unique heat steam sterilization canning process, we are able to offer our customers quality, bacteria-free fresh feeds that are lower in cost and convenient to store.

OUTLOOK

Our innovative array of proprietary Accessories and Fish Nutrition products positions Qian Hu as the most creative Asian accessories provider. We believe that these initiatives, together with our extensive global export markets, will strengthen the Group's resilience and sustainability in the medium to long term. This spirit of innovation, which is the lifeblood of our Group, is critical in ensuring that Qian Hu stays close to its customers, giving them what they need and want, even as we seek to exceed their expectations. We believe that the Group's fundamentals are robust even in the midst of an increasingly challenging business environment.

Thank you for your support and for believing in Qian Hu's journey of sustainable growth.

Kenny The Fish

Executive Chairman & Managing Director

主席的话

各位朋友：

2015年可真是个“惊喜”连连的一年！股市波动、经济萧条、政治动荡等等接连不断地挑战着仟湖的信心和坚韧性。我们预计目前的状况还会持续一段时间。

在过去一年，欧元区及俄罗斯市场至少占了集团观赏鱼出口业务的20%，因此欧洲及俄罗斯目前的经济动荡以及萧条状况，持续影响着仟湖观赏鱼业务的表现。不仅如此，中国的股市动荡和疲弱的经济数据也减弱了中国消费者对龙鱼的需求。

马来西亚的政治动荡，加上马币的贬值，促使马国消费者的消费能力随之减弱也影响了集团的水族器材的销售表现。

让人感到欣慰的是我们的塑料业务取得了不俗的成绩。全年销售额上升5.3%而盈利则激增了70.9%。

尽管经商环境挑战重重，我们依然会坚持创新及转型的方针将仟湖转型成为新一代的高科技观赏鱼公司。我们依旧专注于过滤器、鱼类营养及培育独特的龙鱼等产品的研发，逐步建立一系列创新及高利润产品。与此同时，我们会严格管制营运开支及其他费用。



自动化鱼场落成

在这里，我非常高兴地向大家汇报仟湖鱼场的自动化项目已经全面完成。仟湖是观赏鱼行业首家实践高水平生产力及自动化的革新鱼场。我们的全新系统采用了密集的多层自动循环水箱收纳系统，使我们能够以相同数量的员工来照顾更多缸的鱼。此外，该系统能减少在隔离过程中所使用的水量。与传统饲养方法相比系统能够将鱼的容量大幅度提升50%。另外，我们的员工也可以透过移动手持设备所安装的Navision程序随时掌握库存量和动向从而大大提高工作效率和可靠性。接下来，我们将探讨开发一套计数装置的可能性以便更好地掌握鱼的数量来加强我们的库存监控系统。

新产品及研发

与此同时，仟湖独家研发的艾洁净水科技(Hydro-Pure Technology)正持续着强劲的增长势头。我们在欧洲和北亚洲的客户开始纷纷提出在更多的产品中运用这项过滤技术的要求。有见于现有客户对小型鱼缸的需求有日益增加的趋势，我们已在2015年推出了崭新“OF®艾洁纳米净水器”(Hydra Nano Plus)。它包含了多项仟湖新研发的创新功能——如消除水面油膜、双溪类过滤器等功能，从而提高产品的通用性和附加价值。

此外，我们也正在研发融入艾洁净水科技的缸外过滤桶。该产品的原型已于2015年11月在中国上海举行的中国国际宠物展(CIPS)上亮相。我们计划在2016年5月于纽伦堡国际宠物展览会(INTERZOO)上正式推出这项产品。

仟湖另一系列以RevoReef®冠名的海洋水族器产品也陆续进军欧洲等重要市场。展望未来，我们将着重于拓展海水鱼缸系列的相关产品，如发光二极管(LED)照明器材和过滤器。

在鱼饲料方面，我们所精心研发的鱼饲料——OF® Instafresh能有效地省却了传统饲料所需的冷藏麻烦。我们研发了采用独特的热蒸汽灭菌加工技术的鱼饲料，让客户们能够以较低的价格买到无菌及容易储藏的高优质新鲜鱼饲料。

前景

我们的创新专利水族器材及营养鱼的饲料产品系列有效地将仟湖定位为亚洲最具创意的水族器材供应商。我们相信这些举动加上仟湖广泛的全球出口网络，势必能加强仟湖的中长期韧性及可持续性。这股寻找突破与创新的精神是仟湖至关重要的生命线，以确保我们能了解与紧随客户的需求，并尽全力超越他们的期许。我们深信仟湖稳健的根基是经得起现今日益充满挑战的商业环境的考验。

感谢大家的支持，更要感谢大家赋予仟湖的信心继续我们的可持续发展之旅。

叶金利

执行主席兼总裁