



PRESS RELEASE

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Qian Hu posts 22.2% rise in full-year net profit

- Proposes first and final dividend of 0.2 Singapore cents per ordinary share – to be paid on 25 April 2019 upon approval at next AGM

\$'000	4Q2018	4Q2017	Change (%)	FY2018	FY2017	Change (%)
Revenue	20,673	22,042	(6.2)	85,667	87,824	(2.5)
Gross Profit	6,420	6,910	(7.1)	26,042	26,257	(0.8)
Net Profit	46	126	(63.5)	402	329	22.2

Period ended 31 December

SINGAPORE – 11 January 2019 – Mainboard-listed integrated fish service provider **Qian Hu Corporation Limited** (“Qian Hu” or “the Group”) today reported a 22.2% rise in full-year net profit attributable to shareholders to \$402,000.

This was despite full-year revenue dipping slightly by 2.5% to \$85.7 million.

For the latest fourth quarter, the Group posted a 63.5% decline in net profit attributable to shareholders to \$46,000 on the back of a 6.2% decrease in revenue to \$20.7 million which saw sales of Fish and Accessories dip by 13.2% and 6.3% respectively while Plastics sales improved by 15.3%.

Revenue By Segments

\$'000	4Q2018	4Q2017	Change (%)
Fish	7,557	8,709	(13.2)
Accessories	9,801	10,458	(6.3)
Plastics	3,315	2,875	15.3
	20,673	22,042	(6.2)

Period ended 31 December

Fish

In the latest quarter, sales of Fish declined by 13.2% to \$7.6 million, impacted by intense price competition in the Dragon Fish segment, despite efforts to sell more quantities of the fish. Overall, however, the Group's new aquaculture business in Hainan contributed positively to the segment results, coupled by the Group's efforts to increase its ornamental fish exports around the world.

Accessories

The Group's Accessories business continued to be more export-oriented, having benefited from the Group's existing overseas distribution bases and network, and the available infrastructure to tap new markets with growth potential. However, in the fourth quarter of FY2018, the Group's Accessories segment saw revenue decline by 6.3% to \$9.8 million, largely due to efforts in streamlining its Accessories operations in China, which resulted in the disposal of the subsidiary in Shanghai.

Plastics

The Group's Plastics sales rose by 15.3% to \$3.3 million, thanks to a larger customer base and more varieties of plastics products sold during the quarter.

As at 31 December 2018, the Group's cash and cash equivalents stood at \$11.5 million.

Operating Profit By Segments

\$'000	4Q2018	4Q2017	Change (%)
Fish	70	243	(71.2)
Accessories	447	411	8.8
Plastics	236	246	(4.1)
Unallocated Corporate Expenses	(701)	(708)	1.0
	52	192	(72.9)

Period ended 31 December

Fish

Operating profit of the Group's Fish segment dipped 71.2% to \$70,000 in the latest fourth quarter, due mainly to the swift decline in Dragon Fish selling prices brought about by intense price competition in the industry, as well as the Group's higher operational costs and efforts to retain market share.

Accessories

Despite lower revenue recorded in the fourth quarter, the Group's Accessories segment achieved higher operating profit, which jumped by 8.8% to \$447,000, attributed to the sales of higher-margin proprietary products.

Plastics

Higher operating costs of the Plastics business drove its profitability slightly downwards, by 4.1% to \$236,000 in spite of increased sales in the fourth quarter.

EPS and NAV Per Share

For the full year, the Group's fully-diluted earnings per share rose to 0.35 Singapore cents, while its net asset value per share was 44.75 Singapore cents as at 31 December 2018.

Dividend

The Directors have proposed a first and final dividend of 0.2 Singapore cents per ordinary share, which is subject to approval at the next Annual General Meeting to be held on 28 March 2019. If approved, the dividend will be disbursed on 25 April 2019.

Kenny Yap, Qian Hu's Executive Chairman and Managing Director, said: "Despite the ensuing price war in our Dragon Fish business, which is largely centred around the Silver Albino variety that is not protected by CITES, we continue to be optimistic and confident about the future of our Dragon Fish business and will continue to invest in R&D to develop a whole new range of albino Dragon Fish that are CITES-protected and therefore more rare and more difficult to breed. In addition, we will develop several other species and varieties of albino ornamental fish."

"Meanwhile, our new Aquaculture business is growing well – in FY2018, it contributed some \$988,000 in sales (accounting for 2.9% of total Fish revenue) and \$123,000 in operating profit (accounting for 9.3% of total Fish profit before tax). We intend, in the longer term, to develop a fully-integrated aquaculture farm that is able to capture the entire value chain of edible fish and seafood – from breeding, to farming, and to the table."

The Group currently farms fingerlings of edible fish to various marketable sizes. Eventually, it expects to possess brooder stocks of edible fish and seafood for breeding purposes, so that it can expand its product offerings by capturing all selling points throughout the product cycle. It also plans to green-label its seafood products so as to effectively and efficiently reach out to international markets that are increasingly environmentally conscious.

"By focusing on technology, innovation and quality, Qian Hu aspires to be the industry's most value-adding and productive provider of edible fish, ornamental fish and accessories. We believe that we have the right combination of quality products, an innovative and creative mindset, a strategic roadmap and a strong business network that will drive our performance. We are optimistic of opportunities ahead that will enable us to stay on an aggressive growth path," he added.

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About Qian Hu Corporation Limited

Incorporated in 1998, Qian Hu is an integrated 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.

In January 2017, the Group 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. In November 2017, the Group incorporated another 60%-owned company - Tian Tian Fisheries (Hainan) Co., Ltd – which deals in the export of edible fish and seafood from Hainan to Southeast Asia, and the import of other edible fish and seafood from the rest of the world into China. Its two farms occupy a combined land area of 10,000 square metres, and have more than 200 tanks to rear a host of edible fish and seafood.

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 bagged numerous awards – to date, 14 in total (nine Gold, two Bronze, two Merit and the Best Chief Financial Officer Award). The Group was a runner-up in the Singapore Corporate Governance Award 2017 (Consumer Discretionary category) organised by the Securities Investors Association of Singapore.

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.