



# Message from The Fish

## Dear friends,

What an exciting year it has been for us at Qian Hu as we witnessed several new exciting developments in our corporate journey! Ever since we set our sights on our long-term growth strategy a few years ago, we have been working hard to strengthen our foundation whilst honing our technological edge at the same time. This year, we are excited to be able to share with you the results of our hard work and perseverance as we achieved several notable milestones.

### ADVANCING WITH AQUACULTURE

As we close the financial year, it was heartening to see that our performance improved all-round and in every business segment. Indeed, we have worked hard to transform ourselves to keep pace with the changing economy, and a case in point is our new aquaculture business which we started in 2016.

From the experience we had amassed over the years in breeding ornamental fish, we knew that we needed a few key ingredients to ensure we had the ideal product mix – the right technology, the right nutrition in the form of healthy fish feed, as well as the right approach to medication using herbal-based antibiotic-free ingredients. Importantly, we also had the right team of subject experts to ensure that we carry through successfully with our plans.

With these in mind, we set out on our pilot aquaculture project in Hainan Province, China back in 2016. We are happy to report that the project is now well underway and we have been consistently delivering grouper fingerlings in the Hainan region.

We expect this business division to contribute positively to our Group's results in FY 2018, and we are very optimistic about the prospects of our aquaculture business. In fact, in the next few years, we aim to excel in the sustainable farming of edible fish for the China consumer market so as to build out this business to be many times bigger than our existing businesses.

To achieve our goals, we have bold plans in place and we intend to focus on executing these plans successfully. We refer to our aquaculture growth strategy as the "Triple E" strategy as we look to scale this business substantially in the next few years – namely, to Engineer, Extend and Explore.

On the engineering front, we are looking to replicate our unique RAS (Recirculation Aquaculture System) that can recirculate our water used. When completed, the RAS will redirect the water

through the tanks for continuous use, and will definitely improve our water quality many times over. This system will also reduce our environmental footprint by significantly reducing the amount of water we would potentially use otherwise.

Next, we intend to further extend our aquaculture value chain to include not just breeding, but also larval, nursery and grow-out culture. With the planned breeding and cultivation of edible fish from the fingerling stage all the way through to the adult stage, this will mean more opportunities for us to capture additional selling points throughout the product cycle. As we build out our product offerings in the aquaculture entire value chain, we can also safely ensure that we provide a healthy, end-to-end, product for consumers by doing so.

Looking at our aquaculture pipeline further down the road, we also have plans to utilize our existing experience and put it to the best use. Leveraging what we have learnt from our successful pilot project, we will look at ways to develop potential partnerships and joint ventures with like-minded associates to mutually build on our aquaculture capabilities. Our technology, feed and medication can be applied anywhere in the world, and we are confident of what we can offer.

The production of edible fish on a global scale is expected to continue to expand, and is touted to grow continuously over the next decade. Of this, countries in Southeast Asia are slated to be the main producers, representing approximately 89% of total production by 2025. This definitely bodes well for Qian Hu as our major export hubs are already covering the majority of the Southeast Asian arteries.

At the local country level, the growth prospects for aquaculture are also very promising for China, which is slated to account for 62%<sup>2</sup> of world aquaculture output by the same period. With our business based in the aquaculture hub of Hainan Province, China, we believe we are in the right place at the right time to capitalize on opportunities for growth.

### ADVANCING TOWARDS A SUSTAINABLE FUTURE

Since our public listing in 2000, we are very proud to have built Qian Hu to be a legacy brand that is renowned for our leadership in the aquatic industry.

Our relationships with our customers and suppliers enjoy longevity and good health, having been built over many years and



coupled with our lasting commitment to their needs. Our brands and products also enjoy good standing in the markets where we operate as a result of our ethos to evolve with the times and upkeep our product quality. Our lease at the Singapore fish farm will see a long-term tenure until year 2026, which enables us to plan purposefully towards the future.

Even as we continue to make progress on all our business fronts, we also want to do our part for the well-being of our environment. As a heritage brand that is here for the long-term, we hope to be able to leave a lasting legacy while taking an active stance in addressing our environmental challenges. As an organization, we are always looking at new ways to embed sustainable practices across our business operations so as to minimize our environmental tracks.

Sustainability is not something new to us even though this is the first financial year where mandatory reporting is required – Qian Hu started reporting on sustainability issues since as early as 2011, and we have already made strides in various areas which impact our environment as we conduct our operations. This year, we have reported on our key sustainability issues in reference to the GRI-G4 standards, which details our initiatives in this area.

### LOOKING AHEAD

We intend to focus our efforts on doing what we do best in the coming years, and that means that 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.

Meanwhile, our exciting new aquaculture business is progressing on track, and we expect that this business is going to keep us very busy for the next few years. With our “Triple E” strategy “Engineer, Extend and Explore” and expansion plans to scale the business, we will set our sights on delivering what we have set out to achieve on this front.

To our Board, all of our bosses, partners, customers, and employees – I would like to thank you for your unwavering support and belief in our journey, and see you soon at our Annual General Meeting.

<sup>1</sup> The World Bank: “FISH TO 2030: Prospects for Fisheries and Aquaculture”, Dec 2013.

<sup>2</sup> Food & Agriculture Organization of the United Nations: “The State of World Fisheries and Aquaculture”, 2016.



**KENNY THE FISH**

Executive Chairman & Managing Director

# 主席的话

## 各位朋友：

2017年我们很欣慰的见证了仟湖迈入一个新的发展里程碑。我们于几年前开始制定了长期发展战略，一直努力地巩固仟湖的基础与不断地提升我们的技术优势。今年，我们很高兴能与大家分享在我们坚持不懈的努力下，为仟湖开启的新篇章。

### 推进水产养殖发展蓝图

集团的各项业务在2017年里都有所提升。让我们感到鼓舞。我们不断地做出改进已应变不断改变中的经济环境。我们在2016年开创的水产养殖业便是个很好的例子。

仟湖在培育观赏鱼方面累积了丰厚的经验。我们知道营造理想的养殖组合关键在于拥有正确的技术、鱼饲料含有的营养成分，以及使用草药调配无抗生素的饲养方法。更重要的是，我们有一支经验丰富的专家执行团队。

我们于2016年在中国海南省开启了养殖无抗生素食用鱼的水产养殖试验项目。项目开展至今，已经成功为海南地区提供无抗生素的斑斑鱼苗。

我们预计水产养殖业务在2018财政年开始取得盈利。我们对新的水产养殖业务的前景非常有信心。在未来几年，我们打算针对中国市场进一步拓展养殖食用鱼类的计划，并将该业务打造成仟湖现有业务规模的数倍。

为了实现设定的目标，我们经已制定了方针并会集中精力全力执行。水产养殖业务的发展策略定为“三E”策略，则是“开发”（Engineer）、“伸展”（Extend）及“探索”（Explore），并致力在未来几年内大幅扩大该务的规模。

在开发层面，我们会复制独有的养殖循环水过滤系统（“Recirculation Aquaculture System”或简称“RAS”），用于水产养殖的水过滤系统。完成后，该系统将能够把水重新导回水箱循环使用。崭新的RAS系统在改善我们的水质的同时也能有效地减少水的用量，让我们为环保尽一份力。

我们接着会进一步伸展我们的水产养殖价值链。除了阶段性养殖，发展蓝图还包括幼虫、育苗及涉足食用鱼养殖的各个阶段——这意味着仟湖将能够参与食用鱼养殖的每个阶段所赋予的商机。也因此我们更可以确保消费者能够购买到安全、健康的优良产品。

不仅如此，我们也将充分发挥我们在养殖观赏鱼所累积的经验——借助在成功的试验项目中所学到的知识，我们会探讨如何寻求合作关系或成立合资企业，以便强化仟湖的水产养殖能力。我们独创的技术、饲料和药物可以应用于任何地区，我们对自己的产品线非常具有信心。

根据世界银行的调查显示，目前全球的食用鱼的产量有逐渐提高的趋势，并在未来十年会不断增长。其中，东南亚的产量将占2025年总产量的89%，成为主要生产国。这对已在东南亚的主要市场设立出口中心的仟湖来说是绝对有利的。

谈到个别国家的潜能，我们非常看好中国水产养殖的前景。联合国粮食及农业组织预计中国的水产产量将占2025年世界总产量的62%<sup>2</sup>。我们坚信，设立于海南省的仟湖水产养殖业务将有助我们捉住不断成长中的中国市场。

### 迈向可持续的未来

自2000上市以来，我们非常自豪地将仟湖建立成为在水族行业中具有实力的知名品牌。

多年来，仟湖与客户和供应商一直保持着良好的关系。仟湖旗下的品牌和产品与时俱进、维护高产品质量，在市场上也享有良好的口碑及名声，标榜着仟湖对客户们的承诺。我们在新加坡的鱼场租约已获延续至2026年，使得我们有足够的时间施展所定下的发展计划。

在不断努力使所有业务都能取得增长的同时，仟湖也要为优化环境尽一份力量。作为一个传统品牌，我们不仅要让仟湖传承下去，更必须坦然应对环境的挑战。身为一个企业，我们一直在寻找新的方法，将可持续的做事方法实践融入到我们的业务里头，以尽量减少我们的对环境造成的影响。

可持续性对仟湖来说不是什么新鲜事。虽然从2017财政年起，所有上市企业必须发布可持续报告，仟湖已经从2011年便开始逐步将可持续的事项纳入我们的年报里。今年我们的可持续性报告更参照了全球报告倡议组织（Global Reporting Initiative, GRI）的《可持续发展指南4.0版本》（G4）编写。

### 展望未来

我们会集中精力发挥所长，将继续致力于创新，以扩大我们的产品线，特别是在过滤器、营养鱼饲料和独特龙鱼培育等领域。

与此同时，我们很兴奋的看到崭新的水产养殖业务正在如期的发展，也预计这项业务这三年会令我们非常忙碌。有了设定的“三E”战略（开发，伸展，探索）和扩大业务规模的计划，我们将把目光投向设好的目标全力以赴。

非常感谢我们的董事们、所有的老板们、合作伙伴、客户和全体员工。感谢你们对仟湖一路走来的绝对支持。期待在常年股东大会上与大家会面。



叶金利  
执行主席兼总裁