



# Message from The Fish

**Dear Friends**

**FY 2019 has been a year of going big for Qian Hu ("the Group"), led by our Aquaculture business, and I am pleased to report those exciting developments this year!**

We are progressing well in line with our long-term vision to leverage innovation and automation, develop a wide range of accessories to remain competitive and ensure future sustainability.

While our Ornamental Fish and Accessories businesses held firm amidst the challenging operating environments, our Aquaculture venture forged ahead with healthy growth. Both of our farms in the Hainan Province, China performed well during this period. I am confident that our venture in this area will continue to reap healthy returns as we intensify our efforts going forward.

## **OUR WONDERFUL LIFE WITH FISH**

Our entry into the Aquaculture business since 2017 brings us full circle to round up our position as an integrated ornamental fish service provider. Over the years, I am proud to have been part of the team that witnessed how Qian Hu's unique business proposition has evolved, where technology and fish meet to bring joy and touch the lives of many around us. Whether it is ornamental fish to be appreciated, aquarium accessories to be enjoyed as a hobby or aquaculture products to be made available in a sustainable and antibiotic free manner – we have worked hard to cultivate the ethos behind a fishy lifestyle, and we want to bring that to you in an even bigger way in the coming years.

## **DRIVING HIGHER YIELD IN AQUACULTURE**

During the year, we have been focused on driving higher yield in our Aquaculture business in a few ways: intensive farming of new

species, expanding into new areas in the aquaculture value chain, as well as conducting trials on new edible products. As a result, this business segment contributed positively to the Group's financial performance in FY 2019.

As we look ahead, we plan to develop our activities further to meet the anticipated demand in this sector. We will be exploring synergistic tie-ups to extend our involvement in the supply value chain to include hatcheries and grow-out phases. Eventually, we hope to expand our business of sustainable aquaculture for the Asian consumer market and beyond so that over the longer term, this segment may grow to be the Group's largest revenue contributor.

To date, the Group's track record, cutting-edge filtration technology and high-quality, proprietary fish feed and medication have been our platforms for success. Building on our position, we have made significant strides in the aquaculture sector by tapping on



# Message from The Fish Continued

our know-how and expertise to breed antibiotic-free edible fish and seafood.

China remains the world's largest producer, consumer, importer and exporter of seafood products and accounts for approximately more than one-third of global production. As such, we believe we are well-placed to capitalise on this projected demand. We have put in place a roadmap to sharpen our operations and processes, and build upon and replicate the success we have achieved with our other businesses in this segment.

## HOLDING STEADY GROUND

The Ornamental Fish segment came under immense pressure as a result of the prolonged dry season in Singapore which affected our Arowana production numbers. The segment's performance was also exacerbated by ongoing macroeconomic trade tensions. Nevertheless, the business is holding steady to date.

On the Accessories front, we have completed the consolidation of our operations in China so as to fully integrate the value chain, from R&D all the way to manufacturing and distribution.

In the coming years, we will strive to achieve our vision of being the world's biggest exporter of Ornamental Fish, as well as the provider of the widest range of Aquarium accessories in Asia.

## POWERING AHEAD WITH INNOVATION

The heart of our business is centered on creativity and innovation, and we remain committed to pushing the boundaries of the quality of our product offerings, efficiency and productivity in our operations and environmentally sustainable practices.

In the coming years, we will strive to achieve our vision of being the world's biggest exporter of Ornamental Fish, as well as the provider of the widest range of Aquarium accessories in Asia.

In FY 2019, we ventured into the indoor breeding of Ornamental Fish in a controlled environment to ensure supply consistency as well as quality. In our Accessories business, we launched a number of applications under our OF and OF 3DM brands for big ponds and Koi ponds this year. These include filtration systems, filtration media, radiator as well as an automatic feeder for ponds or big bodies of water up to 20 tonnes. Special lighting, a new 3DM tank as well as a submersible UV steriliser for Arowana has also been launched recently.

At our Hainan Farms, the Recirculation Aquaculture System (RAS) for the recirculation of water has resulted in our further reduction of sea water input by using our Hydro-Pure technology to treat wastewater, which is then recirculated and reused. With RAS, we will be able to recirculate 30% of the total water usage with environmental sustainability in mind. We also continue to develop filtration systems that are tailored for use with big ponds and aquaculture systems to enable high-density and intensity usage while improving efficiency where possible.

Technology continues to play a major part in our ability to improve and expand our operations and maintain the high standards of our products.

## KEEPING WATCH, LOOKING AHEAD

We are encouraged by the continued positive performance of our Aquaculture business, despite the protracted trade tensions which continue to impact certain aspects of our business.

We have shown ourselves to be resilient, sparing no efforts to stay ahead of the competition with our continued initiatives in innovation. In the coming quarters, we hope to see the positive benefits from the consolidation of our Accessories operations in China. We are optimistic of opportunities ahead that will keep us on track for growth.

In closing, I would like to thank our Board of Directors, our business partners, our customers, employees and most of all, our shareholders, for your continued support and belief. I look forward to seeing you soon at our Annual General Meeting.

## KENNY THE FISH

*Executive Chairman and Managing Director*

<sup>1</sup> Businesswire: "Study of China's seafood market: The world's largest producer, consumer, importer, and exporter of seafood products and accounts for approximately 35% of all global production – research and markets."

# 主席的话

## 各位朋友：

在新开展的水产养殖业务带动下，仟湖（或“集团”）在2019年的发展步伐令人振奋。我很高兴地向各位汇报在今年里所取得的进展。

仟湖正朝向所设下的远景前行。集团借助创新、自动化及开发多样化的水族器材产品以保持仟湖的市场竞争力，并确保未来发展的可持续性。

今年，我们的观赏鱼和水族器材业务在挑战重重的营运环境中仍然屹立不倒，加上集团两年所增设的水产养殖业绩也取得了成长。在这段期间，我们在中国海南省的两个水产养殖场都有良好表现。我相信，仟湖在水产养殖业务所投入的努力会持续获取硕果。因此接下来，仟湖会更努力地扩展水产养殖业务的规模。

## 美好生活，有鱼为伴

仟湖自2017年起涉足水产养殖行业，使得我们所提供的服务与产品更加多元完善——令鱼类成为人们享有美好生活的元素之一。多年来，我和我的团队经历了仟湖的成长历程，更验证了仟湖独特经营模式的演变，并将科技与鱼类巧妙结合而产生了愉悦感。与此同时，也提升了人们的生活素质。无论是供人观赏的鱼类、为养鱼爱好者提供更多便利的水族器材，或是提供可持续及无抗生素的水产养殖产品，我们都一直在努力地促成与培养人们能具有有鱼为伴的优质生活。

## 推动水产养殖业的效益

今年，我们着重推动水产养殖业务的效益，致力于培植新鱼种，也沿着水产养殖业的产业价值链延伸，开发更多的商机以及研发新的食用鱼产品。我们的努力使得该项业务在2019财政年里取得了满意的成绩。

放眼未来，我们计划进一步扩展水产养殖的业务范围，以更迎合市场的预期需求。具体而言，我们将积极地寻觅具战略性的合作伙伴以延伸在行业里不同阶段的价值链——从生产幼苗、孵化成长成物的各个阶段。我们最终的目标是可将可持续性的水产养殖业务规模扩大至能够供应亚洲消费市场及以外的更多国家，并致力于将水产养殖业务打造成集团的主要销售来源。

## 未来几年，我们将会不断地努力地向成为全球最大的观赏鱼出口商，以及亚洲多元化的水族器材供应商的愿景迈进。

迄今，仟湖的先进过滤技术和自家研发的鱼饲料和药物一直是我们取得良好业绩的平台。我们借助了现有的专业知识和技术，大大地推进仟湖在水产养殖领域的进展，并成功地养殖了无抗生素的食用鱼和其他海产品。

中国仍然是世界上最大的海产品生产、消费、进出口国家，约占全球总产量的三分之一。因此，我相信仟湖所建立的优势能够逐步迎合预期的市场需求。我们已经做好了水产养殖业务的发展规划，以加强现有的营运模式和作业流程。我有信心我们能够将其其他现有业务所取得的成绩复制在水产养殖业务上。

## 稳健挺进

由于前些时候新加坡持久的干旱气候影响了龙鱼的产量，加上正在进行的贸易战，使到集团观赏鱼业务的表现受到了某程度的影响。尽管如此，该业务的发展依然稳定。

在水族器材方面，我们已经完成了中国水族器材业务的整合。经整合后，集团的水族器材业务将能够更完善地融入行业的价值链——从产品研发、制造到分销网络。

未来几年，我们将会不断地努力地向成为全球最大的观赏鱼出口商，以及亚洲多元化的水族器材供应商的愿景迈进。

## 创新驱动增长

仟湖的核心发展思维围绕着创意和创新，我们致力于提高产品质量、营运效率、生产力及融入对环境可持续性的处事方法。

仟湖开始尝试用室内养殖模式培植观赏鱼。在严格受控的环境下，我们可以确保观赏鱼供应量的稳定性和质量的一致性。在水族器材业务方面，仟湖在2019年里陆续推出以OF及3DM品牌冠名，专为较大的鱼池和锦鲤池塘所开发的产品。这些产品，包括过滤系统、生化滤材、散热器，以及自动喂食器，都能够在一般鱼池，甚至高达20吨的大鱼池使用。我们

也为龙鱼爱好者推出以特别照明灯为亮点的崭新3DM水箱，及一个专为饲养龙鱼所设计的潜水式紫外光消毒器。

我们在海南省的养殖场，自采用了融入仟湖自家研发的艾洁净水科技（“Hydro-Pure”）的养殖循环水过滤系统（“Recirculation Aquaculture System”或简称“RAS”）后，大幅度地减少用水量。RAS系统将水导回水箱重新循环使用，在改善水质的同时也有效地减少约30%的用水量，更能达到对于环境的保护与可持续性。我们会继续开发适用于大鱼池和水产养殖系统的过滤系统，实践高密度和高强度的使用性从而提高效率。

继往开来，科技将继续在我们扩展业务及保持产品高质量的标准中扮演着重要的角色。

## 保持警惕，勇往直前

尽管长期贸易战所呈现的紧张局势在某方面继续影响着我们的业务，但是我们对集团水产养殖业务的潜能感到鼓舞。

一路走来，仟湖充分地展示出我们营运模式的坚韧，并不遗余力地持续创新，以使我们能在市场竞争中保有领先地位。在来年的季度里，我希望见证中国水族器材业务的整合给予集团带来的积极效益。我们对集团未来的发展持乐观态度，并相信我们能延续现有的增长势头。

最后，我要感谢仟湖的董事局成员、我们的合作伙伴、客户和全体员工，更要是股东们。感谢你们对仟湖的支持与信任，我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