



PRESS RELEASE

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Qian Hu posts full-year net loss of \$1.4M due to impairment on Arowana brooders

- The Group saw a marked recovery in 2H2020 with operating profit (before impairment loss) rising 200.3% to \$1.3M as sales improved by 8.1% to \$42.0M
- Healthy cash flow from operations with cash & cash equivalents increasing by 38.5% year-on-year to \$19.1 million amid lower bank borrowings
- Directors propose first and final dividend of 0.2 Singapore cent per ordinary share at upcoming AGM on 29 March 2021, payment on 26 April 2021

\$'000	2H2020	2H2019	Change (%)	FY2020	FY2019	Change (%)
Revenue	42,011	38,848	8.1	75,233	76,915	(2.2)
Gross Profit	14,565	11,904	22.4	25,277	23,511	7.5
Operating Profit (before impairment loss)	1,342	670	200.3	879	1,059	(17.0)
Net (Loss)/ Profit	(928)	647	(243.4)	(1,453)	920	(257.9)

Period ended 31 December

SINGAPORE – 12 January 2021 – Mainboard-listed integrated fish service provider **Qian Hu Corporation Limited** (“Qian Hu” or “the Group”) reported today a net loss attributable to shareholders of \$1.4 million for the year ended 31 December 2020.

This was largely attributed to a \$2.0 million impairment loss incurred in FY2020 as the revenue from the sales of certain species of Dragon Fish (Asian Arowana) is expected to be affected by the reduction in production yield and declining selling prices of that species, resulting in a lower estimated recoverable value as compared to the carrying amount.

In its latest full-year results, Group revenue dipped 2.2% to \$75.2 million year-on-year, largely due to the considerable disruptions to the global supply chain during the Covid-19 pandemic that affected its exports of ornamental and edible fish, and to a lesser extent, its aquarium and pet accessories during the first half of FY2020. However, the Group's businesses have since improved in the latter half of the year, with the lifting of border restrictions and the gradual resumption of flight operations, as customers needed to restock fish and replenish inventories of related accessories products.

As at 31 December 2020, the Group's cash and cash equivalents grew by 38.5% to \$19.1 million. In addition, the Group had also reduced its bank borrowings in FY2020.

EPS/NAV Per Share

For the full year, the Group reported a loss per share of 1.28 Singapore cents, and net asset value per share of 43.81 Singapore cents as at 31 December 2020.

Revenue by Segments

\$'000	2H2020	2H2019	Change (%)	FY2020	FY2019	Change (%)
Fish	15,951	13,850	15.2	27,836	29,847	(6.7)
Accessories	22,536	19,061	18.2	39,315	35,478	10.8
Plastics	3,524	5,937	(40.6)	8,082	11,590	(30.3)
	42,011	38,848	8.1	75,233	76,915	(2.2)

Period ended 31 December

Fish

Highly dependent on airfreight operations in the region and around the world, the Group's Fish exports were impacted by the disruptions in global supply chains during the Covid-19 pandemic. Its Aquaculture business in Hainan Province was also impacted by the lockdown in China which dampened domestic demand and depressed fish fry prices. However, with the recovery of supply chains internationally and in the region, our Fish sales grew by 15.2% in the second half of FY2020.

During the year, the Group's Fish segment generated total sales of \$27.8 million, which declined by 6.7% year-on-year.

Accessories

The Group's Accessories segment was not affected by flight disruptions during the pandemic as its aquarium and pet accessories products are usually exported by sea freight. The Accessories segment achieved better performance year-on-year, rising 10.8% to \$39.3 million, thanks to improved exports

especially since the third quarter of the year. In addition, the efficiencies derived from the consolidation of its China accessories operations, and contributions from the Group's newly acquired factory in Guangzhou, boosted the segment's steady revenue growth.

Plastics

The Group's Plastics business benefitted from increased demand for plastics products during the pandemic as they were considered essential items used to enhance hygiene protocols during the pandemic, particularly for food and beverage packaging and healthcare sectors. However, the loss of a major customer in FY2020 led to a 30.3% decline in sales, to \$8.1 million.

Operating Profit/(Loss) by Segments

\$'000	2H2020	2H2019	Change (%)	FY2020	FY2019	Change (%)
Fish	761	1,032	(26.3)	302	1,857	(83.7)
Accessories	1,306	766	70.5	1,996	1,516	31.7
Plastics	544	662	(17.8)	1,268	1,135	11.7
Unallocated Corporate Expenses	(1,269)	(1,790)	29.1	(2,687)	(3,449)	22.1
	1,342	670	100.3	879	1,059	(17.0)
Impairment loss on brooder stocks	(2,000)	-	(100.0)	(2,000)	-	(100.0)
	(658)	670	(198.2)	(1,121)	1,059	(205.9)

Period ended 31 December

Fish

Despite posting higher revenue contributions in the second half of FY2020, the operating profit from Fish segment was 26.3% lower than the year-ago period largely due to a difference in sales mix. There were also lower handling fees from trans-shipments related to the Group's aquaculture activities.

Overall, the Fish segment reported an 83.1% dip in operating to \$313,000 for the full year.

Accessories

Higher revenue achieved during the second half of the year, led by strong recovery in Accessories exports, uplifted the segment's performance in FY2020. Its operating profit grew robustly by 70.5% to \$1.3 million in the second half of FY2020 and 31.7% to \$2.0 million in FY2020.

Plastics

Despite reporting a decline in operating profit in the second half of FY2020, the Group's Plastics segment closed the year with operating profit rising 11.7% to \$1.3 million, contributed by improved profit margins and a different sales mix.

The global supply chain disruptions as a result of the outbreak of Covid-19 has stabilised as the world has increasingly learnt how to manage under a new normal. China and Singapore, as well as some other countries in the region, have also controlled the spread of the virus relative to other countries in the world. As such, the Group has seen the recovery of its business segments since the second half of FY2020.

Said Kenny Yap, Qian Hu's Executive Chairman: "The non-cash impairment loss in the FY2020 financial statements came about as a result of the periodic assessment of the recoverable amounts based on expected future cash flows from our Arowana brooders."

"Moving forward, we believe that the Aquaculture business would be many times bigger than our current core ornamental fish segment, and we expect it to be a sustainable engine of growth that will further secure Qian Hu's future."

"On the Aquaculture front, our Hainan facility has successfully developed hatcheries for its groupers and shrimps and is on track to develop a fully integrated aquaculture operation there. Our Desaru shrimp farming project is also expected to contribute positively to the Group's results in FY2021. We continue to boost our Ornamental Fish business by developing new varieties of Arowanas as well as other species of ornamental fish with strong market demand. This will gain pace in the near future and improve the profitability of its Ornamental Fish business. On the Accessories segment, Qian Hu's stronghold in R&D continues to drive innovation and new product development which will enlarge its footprint to more than 60 cities and countries globally. Our Plastics segment will further develop the e-commerce market such as packing materials used for courier and online deliveries – a sector that has been growing robustly in recent times and has strong potential for further growth," added Kenny.

Business Outlook

Looking ahead, the Group envisages the full economic impact of the global pandemic, which has caused numerous disruptions to various businesses worldwide, is still unfolding even though the roll-out of vaccines in various countries, beginning with the United Kingdom in early December 2020, has commenced.

"As we move into FY2021, we believe that the economic impact of the pandemic on our business cannot, and should not, be worse than what we have experienced in FY2020. Qian Hu will resume its expansion plan as we expect to have more normalcy moving forward. We remain focused on our core strengths and the longer-term prospects of our business. The key to the Group's success

lies in our continuing ability to seize long-term opportunities and correctly identify the initiatives and investments that bring value to our stakeholders. Barring unforeseen circumstances, the Group expects to grow its revenue while achieving profitability in FY2021," Kenny said.

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About Qian Hu Corporation Limited

Incorporated in 1998, Qian Hu is an integrated ornamental 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 had set up a 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 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.