



PRESS RELEASE

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Qian Hu’s FY23 results hit with \$7.4M disposal loss on brooders and \$1.5M allowance for obsolete inventories

- *The Group sustained a net loss of \$9.3M in FY23 on the back of a 6.6% dip in revenue to \$70.3M, impacted by the geopolitical conflicts and trade tensions*
- *Directors propose first and final dividend of 0.3 Singapore cent per ordinary share at upcoming AGM on 27 March 2024, payment on 24 April 2024*

S'000	2H2023	2H2022	Change (%)	FY2023	FY2022	Change (%)
Revenue	35,969	37,158	(3.2)	70,314	75,265	(6.6)
Gross Profit	11,778	12,081	(2.5)	23,566	24,443	(3.6)
(Loss)/Profit Before Tax	(9,155)	811	NM	(8,969)	1,896	NM
Net (Loss)/Profit	(9,307)	584	NM	(9,277)	1,400	NM

Period ended 31 December

NM = Not meaningful

SINGAPORE – 12 January 2024 – Mainboard-listed integrated fish service provider **Qian Hu Corporation Limited** (“Qian Hu” or “the Group”) today announced a net loss attributable to shareholders of 9.3 million for the full year ended 31 December 2023.

This was largely due to a \$7.4 million loss on disposal of a substantial portion of its Asian Arowana (Dragon Fish) brooder stocks as the Group had made a strategic decision to reduce breeding activities of the fish as certain mass-market varieties have experienced over saturation and declining prices. The disposal of these brooder stocks is to free up valuable resources and redeploy land for new business activities that would generate better value for the Group. Nevertheless, the Group is still optimistic

about the premium Arowana segment and will focus on the production of higher-value albino varieties, as well as implement new strategies to grow its Arowana trading business.

Apart from the loss on disposal of the brooders, there was also an allowance for obsolete and slow-moving inventory of approximately \$1.5 million which arose from an inventory profiling and assessment exercise undertaken by the Group to streamline and optimise its inventory holding.

Group revenue in FY2023 dipped by 6.6% to \$70.3 million impacted by the Russia-Ukraine conflict and geopolitical landscape which dampened consumer demand for its Fish exports. This was mitigated by its Aquaculture business which saw a recovery in revenue through a stable flow of orders from customers. Its Accessories business has also stabilized in FY2023, compared to the year-ago period.

As of 31 December 2023, the Group's cash and cash equivalents stood at \$15.5 million.

EPS/NAV Per Share

For the full year, the Group registered loss per share of 8.17 Singapore cents compared to earnings per share of 1.23 Singapore cents during the year-ago period. Its net asset value per share shed 19.8% to 34.79 Singapore cents as of 31 December 2023.

Dividend

The Directors have proposed a first and final dividend of 0.3 Singapore cents per ordinary share, which is subject to approval at the next Annual General Meeting to be held on 27 March 2024. If approved, the dividend will be disbursed on 24 April 2024.

Revenue by Segments

\$'000	2H2023	2H2022	Change (%)	FY2023	FY2022	Change (%)
Fish	13,470	14,670	(8.2)	27,646	29,137	(5.1)
Accessories	18,384	18,332	0.3	34,650	38,139	(9.1)
Plastics	4,115	4,156	(1.0)	8,018	7,989	0.4
	35,969	37,158	(3.2)	70,314	75,265	(6.6)

Period ended 31 December

Fish

In the latest second half results, the ongoing geopolitical conflicts and trade tensions continued to cast a negative impact on the Group's Ornamental Fish segment which saw sales declining by 8.2% to \$13.5

million year-on-year. However, this was mitigated by the recovery in Aquaculture sales from its farms in Hainan, China with a steady flow of orders from customers. For the full year, its Fish segment saw a 5.1% decrease in sales to \$27.6 million.

Moving ahead, in order to shore up resilience in the ornamental fish supply chains, Qian Hu intends to convert the earthen ponds vacated by the brooder stocks to carry out the breeding and farming of certain species of ornamental fish. It is pilot testing an Aqua-Ring Technology (ART) system which is ideal for intensive breeding and farming of both freshwater and marine fish in Singapore. This system is expected to yield more fish in a much shorter time and in a more sustainable manner as well.

The Group is also in the process of setting up a new joint venture in Malaysia to focus on cultivating the highly sought-after Marble Goby fish for its Aquaculture business. In the near future, it plans to produce other seafood favourites as its pond capacity expands.

Accessories

Qian Hu's Accessories segment stabilised in the latest six months, with sales rising slightly by 0.3% to \$18.4 million. For the full year, the Accessories segment turned in a 9.1% dip in revenue to \$34.7 million.

Going forward, the Group plans to expand its pet foods, medications and accessories for dogs, cats and small animals for exports and domestic sales. Qian Hu has expanded the consumables category for cats such as high-volume cat litter and is poised to accelerate its product coverage in this segment. It expects the pet segment to expand further and emerge as another growth pillar. It has identified Indonesia as having a huge potential and is in the midst of starting a new pet distribution arm in Indonesia to capture this projected growth.

Plastics

Revenue from its Plastics segment was largely flat growth in the latest second half year, at about \$4.1 million, buoyed by the stabilization of its customer base while focusing on selling products with more sustainable margins such as essential items used to enhance hygiene for the healthcare, waste management and hospitality sectors.

For the full year, the Plastics segment reported a 0.4% increase in overall sales, to \$8.0 million.

(Loss)/Profit Before Tax by Segments

\$'000	2H2023	2H2022	Change (%)	FY2023	FY2022	Change (%)
Fish	1,056	2,000	(47.2)	2,102	3,691	(43.1)
Accessories	88	184	(52.2)	461	886	(48.0)
Plastics	479	328	46.0	831	576	44.3
Unallocated Corporate Expenses	(1,819)	(2,057)	11.6	(3,454)	(3,493)	1.1
	(196)	455	NM	(60)	1,660	NM
Loss on biological assets	(7,391)	(4)	NM	(7,391)	(4)	NM
(Allowance for) Write back of allowance for inventory obsolescence	(1,568)	360	NM	(1,518)	240	NM
	(9,155)	811	NM	(8,969)	1,896	NM

Period ended 31 December

NM= Not meaningful

Fish

In line with lower revenue in the second half of FY2023, the Group's Fish business reported a 47.2% decline in pre-tax profit to \$1.1 million. For the full year, the segment achieved \$2.1 million in profit.

Accessories

The Accessories segment registered a 52.2% decline in operating profit to \$88,000 despite a marginal increase in second half sales. This was mainly due to its efforts to capture more sales which eroded the margins from this segment. For the full year, the operating profit from Accessories business similarly decreased by 48.0% to \$461,000.

Plastics

Despite the marginal decrease in Plastics sales in the latest six months, the segment reported a 46.0% jump in pre-tax profit to \$479,000, thanks to its focus on a different sales mix which yielded higher margins. This strategy also contributed towards operating profit for the full year improving by 44.3% to \$831,000.

Business Outlook

Said Mr Yap Kok Cheng, Qian Hu's Chief Executive Officer: "In this extremely challenging business environment, we must be continually innovative, nimble and agile. We believe that Qian Hu has the right combination of quality products, creative mindset, a strategic roadmap and a robust network to drive our performance."

“We are cautiously optimistic that we will be able to overcome the adverse external pressures and will persist in seizing opportunities to nurture new growth segments, develop new capabilities and become more competitive while remaining focused on our core strengths and the long-term sustainability of our business.”

“We are fully committed to focus on building our Aquaculture and Pet Accessories businesses along with our other core segments while continually strengthening our balance sheet, managing risk and our business fundamentals. Qian Hu is moving towards becoming a debt-free company with higher dividend pay-outs.”

Barring unforeseen circumstances, the Group expects to achieve profitability in FY2024.

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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 2017, the Group kick-started its aquaculture business, farming antibiotic-free edible fish fingerlings in Hainan Province, China. It also 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, the Singapore Corporate Governance Award, Shareholder Communications Excellence Award and various accolades by the organisers of the Singapore Corporate Awards - Best Managed Board, Chief Financial Officer of the Year, Best Risk Management, Best Investor Relations and Best Annual Report Awards. Since the inception of Singapore Corporate Awards, Qian Hu has bagged numerous awards – to date, 18 in total (11 Gold, four Bronze, two Merit and the Best Chief Financial Officer Award).

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.