



## PRESS RELEASE

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# Higher-margin fish and accessories propel Qian Hu's 2Q18 net profit

\$'000	2Q2018	2Q2017	Change (%)	1H2018	1H2017	Change (%)
<b>Revenue</b>	21,949	21,725	1.0	43,559	43,300	0.6
<b>Gross Profit</b>	6,608	6,327	4.4	13,136	12,574	4.5
<b>Net Profit</b>	146	25	484.0	181	61	196.7

*Period ended 30 June*

**SINGAPORE – 16 July 2018** – Mainboard-listed integrated fish service provider **Qian Hu Corporation Limited** (“Qian Hu”) posted a stronger quarter for the period ended 30 June 2018, with net profit attributable to shareholders jumping 484.0% to \$146,000, thanks to continued growth in its Fish segment, led by strong sales of Dragon Fish and the new aquaculture business in China, and higher-margin accessories products.

Group revenue for the three months, however, increased only marginally by 1.0% to \$21.9 million, largely due to a 4.8% decline in Accessories sales, affected by customers deferring purchases till after 1 June 2018, the effective date for the abolishment of Goods and Services Tax (GST) in Malaysia.

In the first half of the year, Qian Hu posted a 196.7% rise in net profit attributable to shareholders to \$181,000 on the back of a marginal 0.6% increase in Group revenue to \$43.6 million.

## Revenue By Segments

<b>\$'000</b>	<b>2Q2018</b>	<b>2Q2017</b>	<b>Change (%)</b>
<b>Fish</b>	8,968	8,216	9.2
<b>Accessories</b>	10,058	10,568	(4.8)
<b>Plastics</b>	2,923	2,941	(0.6)
	<b>21,949</b>	<b>21,725</b>	<b>1.0</b>

*Period ended 30 June*

### *Ornamental Fish*

In the second quarter, the Group's Fish segment was the main contributor to the increase in revenue, with sales rising 9.2% to nearly \$9.0 million, led by the growth in sales of Dragon Fish and the new aquaculture business in Hainan. It also continued to increase its export of ornamental fish to more customers and countries around the world from its export hubs in Singapore, Malaysia, Thailand and Indonesia.

### *Accessories*

Its Accessories segment, which declined 4.8% to \$10.1 million, was impacted by the deferment of purchases by some customers in Malaysia, to take advantage of the abolishment of GST from 1 June 2018. Sales rebounded subsequently later that month.

### *Plastics*

Qian Hu's Plastics division reported stable performance, with sales of plastics bags dipping marginally by 0.6% to \$2.9 million.

## Operating Profit

<b>\$'000</b>	<b>2Q2018</b>	<b>2Q2017</b>	<b>Change (%)</b>
<b>Fish</b>	378	23	1,543.5
<b>Accessories</b>	583	432	35.0
<b>Plastics</b>	162	222	(27.0)
<b>Unallocated Corporate Expenses</b>	(890)	(614)	(45.0)
	<b>233</b>	<b>63</b>	<b>269.8</b>

*Period ended 30 June*

*Ornamental Fish*

In line with higher revenue, the Group's Fish segment achieved significantly increased operating profit, surging to \$378,000. This was largely made possible through better margins yielded from the Group's self-bred Dragon Fish and ornamental fish exports, notwithstanding the initial start-up expenses incurred from the Group's second aquaculture farm in Hainan.

*Accessories*

In spite of lower revenue registered, its Accessories segment managed to achieve a 35% rise in operating profit to \$583,000, thanks to its relentless efforts in marketing its proprietary brands of innovative products, which yielded better margins.

*Plastics*

With the gradual increase in overall operational costs, the Group's Plastics segment reported a 27.0% dip in operating profit to \$162,000, despite achieving similar revenue contributions year-on-year.

**EPS and NAV Per Share**

In its latest second quarter results, the Group's earnings per share on a fully diluted basis surged from 0.02 Singapore cents in the year-ago period to 0.13 Singapore cents in the latest quarter, while net asset value per share remained consistent, declining marginally to 45.18 Singapore cents as at 30 June 2018.

For the first six months, the Group's cash and cash equivalents increased to \$9.6 million.

**Kenny Yap, Qian Hu's Executive Chairman and Managing Director**, said: "We are pleased that our decision to diversify into the aquaculture business has proven to be the right one. Since its operational launch in 2017, we have expanded our capacity through a second aquaculture farm in Hainan, set up to breed and farm shrimps, as well as embarked on the import and export of edible fish and other seafood products in China and the region."

"Moving ahead, the Group continues to focus on innovation to expand our product portfolio - particularly in the areas of cutting-edge filtration technology, fish nutrition and genetic breeding of unique varieties of Dragon Fish. We are on track to becoming the industry's most value-adding and productive provider of edible fish, ornamental fish and accessories."

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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 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. The edible fish farm, which occupies a land area of approximately 0.4 hectares with a lease tenure of 16.5 years, is expected to farm varieties of edible fish, primarily for the China market.*

*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 been the only listed company to have bagged the most number of awards – 13 awards in total (eight Gold, two Bronze, two Merit and the Best Chief Financial Officer Award). Most recently, 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.*