



PRESS RELEASE

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Qian Hu posts 18.6% lower FY22 net profit to \$1.4M

- Group revenue declined 5.9% to \$75.3M, impacted by the Russia-Ukraine conflict, geopolitical landscape, and China's zero-Covid policy, mitigated by resumption of air traffic which boosted exports in the second half
- Directors propose first and final dividend of 0.3 Singapore cent per ordinary share at upcoming AGM on 29 March 2023, payment on 25 April 2023
- With cash and equivalents at \$20.1M as of 31 December 2022, the Group's debt-to-equity ratio decreased from 0.48 times in FY2021 to 0.40 times in FY2022 due to the repayment of bank borrowings

\$'000	2H2022	2H2021	Change (%)	FY2022	FY2021	Change (%)
Revenue	37,158	40,288	(7.8)	75,265	80,003	(5.9)
Gross Profit	12,081	13,848	(12.8)	24,443	26,817	(8.9)
Profit Before Tax	811	1,207	(32.8)	1,896	2,311	(18.0)
Net Profit	584	863	(32.3)	1,400	1,720	(18.6)

Period ended 31 December

SINGAPORE – 12 January 2023 – Mainboard-listed integrated fish service provider **Qian Hu Corporation Limited** (“Qian Hu” or “the Group”) reported today that its net profit attributable to shareholders for the full year ended 31 December 2022 dipped by 18.6% to \$1.4 million.

This was on the back of a 5.9% decline in Group revenue to \$75.3 million impacted by the Russia-Ukraine conflict and geopolitical landscape which dampened demand for its Fish segment, and China's zero-Covid policy which hampered its Accessories business. However, this was mitigated by the

resumption of airfreight capacity since June 2022 and reopening of borders during the year which helped to boost Aquaculture exports.

As of 31 December 2022, the Group's cash and cash equivalents stood at \$20.1 million. The Group's debt-to-equity ratio decreased from 0.48 times in FY2021 to 0.40 times in FY2022 mainly due to the repayment of bank borrowings.

EPS/NAV Per Share

For the full year, the Group's earnings per share was 1.23 Singapore cents, while net asset value per share grew by nearly 2.0% to 43.39 Singapore cents.

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 29 March 2023. If approved, the dividend will be disbursed on 25 April 2023.

Revenue by Segments

\$'000	2H2022	2H2021	Change (%)	FY2022	FY2021	Change (%)
Fish	14,670	15,021	(2.3)	29,137	30,407	(4.2)
Accessories	18,332	21,382	(14.3)	38,139	41,914	(9.0)
Plastics	4,156	3,886	6.9	7,989	7,682	4.0
	37,158	40,289	(7.8)	75,265	80,003	(5.9)

Period ended 31 December

Fish

In the latest second half results, the Group's Fish segment turned in 2.3% lower revenue year-on-year to \$14.7 million largely due to a decline in exports to Russia as a result of the on-going conflict in Ukraine as well as dampened demand from customers in the surrounding region. However, this was mitigated by the recuperation of sales from its Aquaculture business thanks to the gradual resumption of air traffic since June 2022. This resulted in a stable flow of orders from customers in the second half of FY2022.

For the full year, the Fish segment reported a 4.2% decline in revenue to \$29.1 million.

Accessories

The Accessories segment registered a dip of 14.3% in 2H2022 sales to \$18.3 million as it was impacted by China's zero-Covid policy as well as the weakened purchasing sentiments globally due to trade disruptions, geopolitical tensions and economic uncertainties.

It posted a 9.0% decrease in revenue to \$38.1 million for the full-year period.

Plastics

Revenue from the Group's Plastics segment rose 6.9% in the latest second half year to \$4.2 million, boosted by a stabilized customer base as well as products that fetched more sustainable margins such as essential items used for food and beverage packaging and healthcare sectors.

For the full year, the Plastics segment reported a 4.0% increase in overall sales, to \$8.0 million.

Profit Before Tax by Segments

\$'000	2H2022	2H2021	Change (%)	FY2022	FY2021	Change (%)
Fish	1,996	1,452	37.5	3,687	2,776	32.8
Accessories	544	852	(36.2)	1,126	1,656	(32.0)
Plastics	328	304	7.9	576	751	(23.3)
Unallocated Corporate Expenses	(2,057)	(1,401)	(46.8)	(3,493)	(2,872)	(21.6)
	811	1,207	(32.8)	1,896	2,311	(18.0)

Period ended 31 December

Fish

Higher handling fees from transshipments related to the Group's Aquaculture business helped to lift the Fish segment's pre-tax profit, which rose 37.5% to \$2.0 million in the latest half-year. The segment registered a 32.8% jump in full-year pre-tax profit to \$3.7 million.

Accessories

In line with lower revenue recorded in the latest 6 months, the Accessories segment turned in 36.2% lower pre-tax profit to \$544,000. The full year also saw a similar dip of 32.0% to \$1.1 million.

Plastics

With higher sales recorded in 2H2022, profitability of the Group's Plastics business increase by 7.9% to \$328,000. However, for the full year, its pre-tax profit declined by 23.3% to \$576,000 due to higher raw material prices and a gradual increase in overall operational costs.

Business Outlook

Said Mr Yap Kok Cheng, Qian Hu's Chief Executive Officer: "As we move into FY 2023, we envisage that the business environment will be challenging, as we are not certain when and how the Russia-Ukraine war will end and how inflation would pan out globally. However, we are encouraged by China's recent relaxation of its zero-Covid policy which, we hope, will enable us to resume business activities in the country."

"Looking ahead, we are encouraged by how our Aquaculture business is progressing and we will explore more opportunities to expand the trading of seafood aquaculture products in Southeast Asia. We will also ride on the rising demand of accessories for dogs, cats and small animals by expanding our product range of pet foods, medications and accessories products for export and the domestic markets. We think that the pet accessories segment will be another growth driver for the Group."

Barring unforeseen circumstances, the Group expects to achieve profitability in FY 2023.

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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 Investor Relations and Best Annual Report Awards. Since the inception of Singapore Corporate Awards, Qian Hu has bagged numerous awards – to date, 17 in total (11 Gold, three 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.