

# Qian Hu Results Briefing – 5 Key Takeaways

We were invited to Qian Hu's full year results briefing. It was a well-attended event by various media and analysts. Interestingly, Kenny Yap, the Executive Chairman and Managing Director did not spend even one minute talking about the results.

For the record, the results showed flat revenue at \$83.5 million and a Net Profit of \$302k. This is compared to a loss of \$9.1 million last year. The results were attributed to the stabilisation of dragon fish prices in China as well as a good performance from the Accessories business. Last year, there was also a \$9.1 million writeoff on the disposal of a subsidiary.

But what was more interesting was the message from Kenny. Here are our five key takeaways :



## 1) Qian Hu has a clear and objective Goal

Qian Hu estimates that they currently have about 5% of the global market share for ornamental fish. They want to increase this market share to 10% over time. With this they believe they will be the number one global exporter of ornamental fish.

## 2) There are strategies being executed to get to their Goal

It is always easy to have a vision about gaining more market share. The tough part is how to actually gain this market share. In Qian Hu's case, the use of technology is a key strategy. They have a filtration technology that will change the way the fish are farmed. Less labour will be required and more and healthier fish can be farmed in the same land area. They also have a good understanding of dragon fish genetics. This will help them to constantly produce top quality dragon fish as well as new interesting variants. Lastly they have developed a new form of dry food for dragon fish who are fussy eaters that only eat live food.

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## 3) Some of these strategies will become competitive advantages

The filtration technology has many applications. It is expected to increase farming efficiency and yield. It also reduces the amount of human labour required. In addition it allows the accessories business to differentiate itself from competitors. The understanding of dragon fish genetics and development of dragon fish food are also differentiating factors. Given the in-house R&D capability, there should be more innovations developed over time which will allow Qian Hu to continue differentiating itself from its competitors.



## 4) Implementation will take time

The pilot test have been done on the filtration technology and now comes the actual implementation. This will take time and the benefits will also take time to filter through. Timeframe for full implementation could be 1-2 years. But when it works, Qian Hu plans to implement this for all its fish farms in the region.

## 5) If successful, we should see Qian Hu at the next level of development

I can sense the excitement of the Qian Hu Management as they share their vision and strategies. There is a sense of confidence from knowing they have the right pieces to make a difference. If they successfully execute their strategies, they should be the top ornamental fish exporter globally with differentiating technology and products. This will make Qian Hu even more sustainable and profitable than today.

**GET TO THE POINT :** Good to hear strategy in specifics rather than in general vague terms. Also good to hear confidence from Management on the company's growth prospects instead of the usual cautiously optimistic.

(Pictures from Qian Hu Corporation Limited)