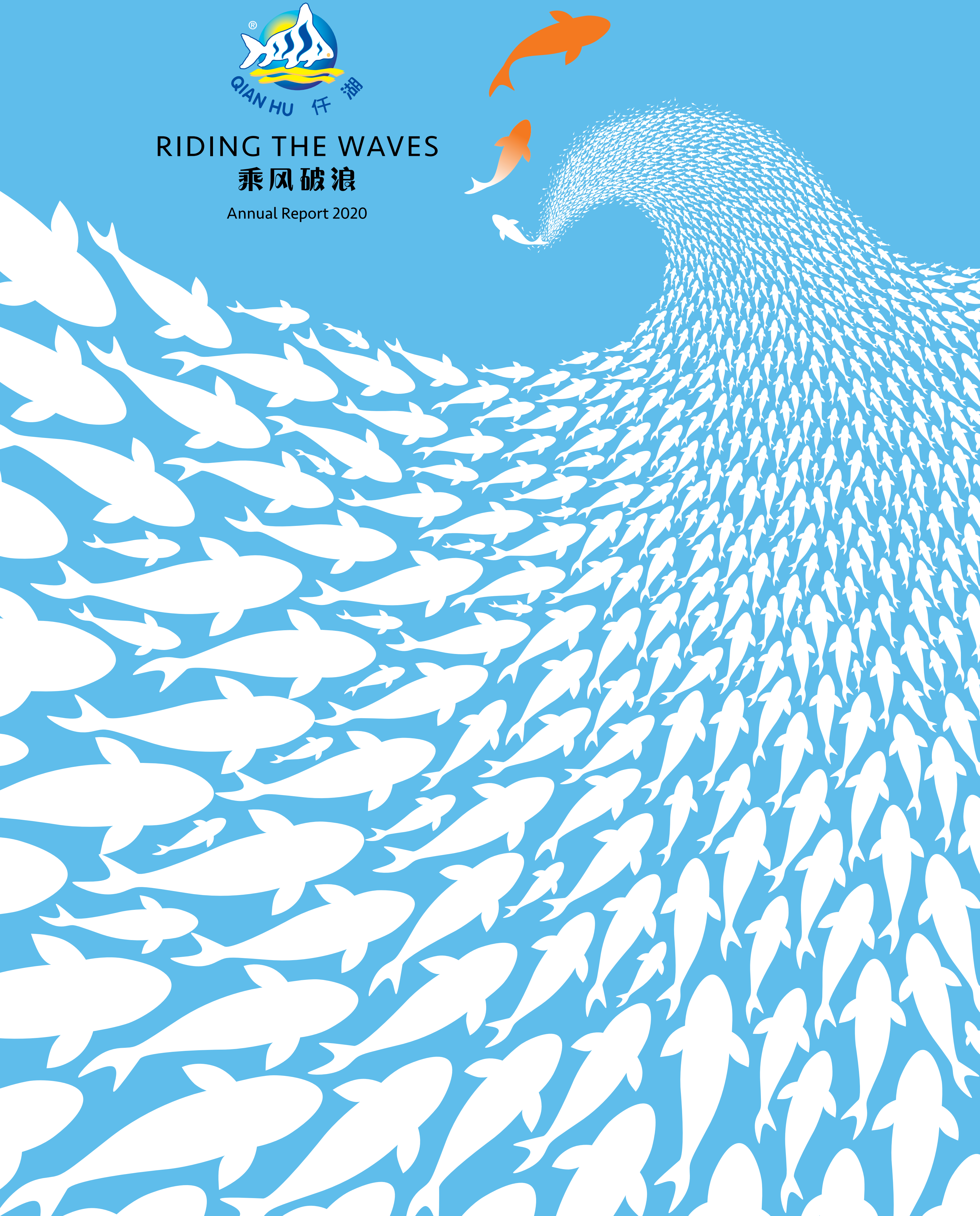
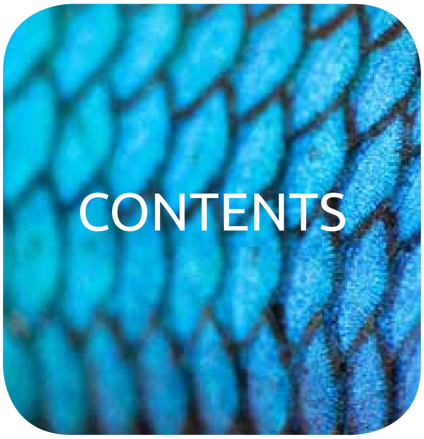
RIDING THE WAVES

乘风破浪

Annual Report 2020





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VISION

1. To be the world's biggest Ornamental Fish exporter.
2. To breed Ornamental Fish of the highest value.
3. To establish our "Ocean Free" and "OF" brands as the most recognisable amongst aquarium Accessories brands in Asia.
4. To be an innovative technology company.
5. To produce antibiotic-free, sustainable Aquaculture products for the benefit of our consumers and the environment.

MISSION

By focusing on technology, innovation and quality, we aspire to be the world's most value-adding and productive provider of sustainable Aquaculture products, Ornamental Fish and aquarium and pet Accessories.

20 Years on SGX

Listed since 8 November 2000, we commemorate Qian Hu's 20th anniversary as a listed company on the Singapore Exchange ("SGX") this year. We have indeed come a long way from our days where we started as a pig farm, and moved into breeding guppies and high-fin loaches in the early years. Looking back at the past two decades, adaptability, resilience and transformation of our business have been the bedrock of our legacy.

Today, we are proud to see that our pioneering efforts in the integrated Ornamental Fish business have gone global – from breeding, farming, import and export, to distribution, with more than 1,000 species under our belt. Over 3,000 types of Accessories are distributed through 5 export hubs in Singapore, Malaysia, China, Thailand and Indonesia. Our venture into Aquaculture in 2017 to farm edible fish and seafood products is backed by R&D and innovation, and is set to be our key growth driver in the coming years.

In the last two decades, we have weathered many storms and setbacks. Despite these, we have upheld our commitment to achieving excellent business practices, the highest standards of corporate governance and transparency as a listed entity, and the resolute determination to always deliver value to our shareholders.

Undoubtedly, as we face one of the most challenging business environments globally today, transformation continues to lie ahead in Qian Hu's path. We expect to see more changes in the tide, but we will face each wave with the collective strength of our thinking, our efforts and our determination to succeed. As we prepare ourselves for the journey ahead, let us take a moment to turn the pages and recount our achievements.

1 2 3 4
5 6 7 8
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12 13

Our 20 Year Journey

Our 20 Year Journey

1

2000 - The year Qian Hu became a public listed company!

2

Promoted to the Mainboard of the Singapore Exchange on our second anniversary of being a public company.

3

OF® OCEAN FREE

Moved towards a more integrated business by expanding our distribution network and focusing on brand building.

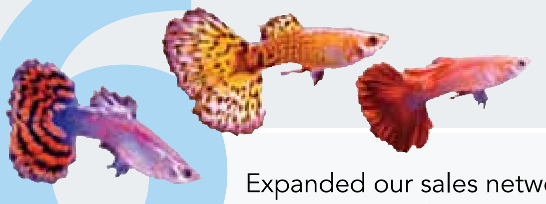
4

Spearheaded cutting-edge research on in-vitro breeding of pedigree Dragon Fish.

5

Obtained ISO standards for Quality Management Systems and Environmental Management Systems, with all our domestic and major overseas operations ISO 9001: 2015 certified.

6



Expanded our sales network for Ornamental Fish exports, which has grown from 45 cities and countries since 2000 to more than 80 cities and countries since 2010.

7

HYDRO-PURE SYSTEM

Introduced Hydro-Pure Technology in 2011, our patented water detoxifying and depurating technology for applications across both marine and freshwater aquatic hobbies.

8

INNOVATION EXCELLENCE AWARD 2013 WINNER

Continued innovation and expertise in proprietary R&D in Ornamental Fish breeding, aquarium & pet Accessories as well as Aquaculture.

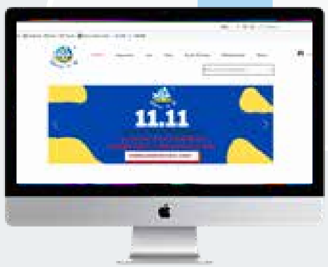
9

Launched our first Sustainability Report in February 2012, way ahead of reporting requirements, obtaining the minimum Application Level C Statement from Global Reporting Initiative (GRI).

10

10-year anniversary as a listed company on SGX in 2010.

11



Established our presence on various online and social platforms to ensure we engage with and meet stakeholders' needs.

12

Developed a Multi-Tier Automated Recirculation Holding Tank System for efficient water recycling and optimal water quality, lowering our overall energy use and water waste discharge.

13

Perfected the art of creating the optimal environment for healthy fish through our experience in quality fish feed and antibiotic-free, herbal-based fish medication.

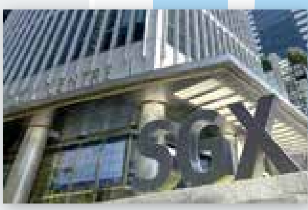
14

Ventured into Aquaculture in Hainan, China since 2017 and grew our footprint to Desaru, West Malaysia and Singapore since 2020.

15

Streamlined our Accessories operations and consolidated the various operations in China into a single location in Guangzhou in 2019 as a part of a backward integration exercise.

16



Recognised for our high standards of corporate governance and compliance as part of the "SGX Fast Track" programme in 2019, prioritising clearance for all corporate action submissions.

17

Retained at least 50 employees who have been with Qian Hu for 20 years or more across various departments and functions.

18

Created 16 well-loved accessories brands over the years, featuring more than 3,000 accessories products.

19

Garnered 53 awards since listing, with five Best Annual Report - Gold awards in the last two decades.

20

Appointed Mr Yap Kok Cheng in 2021 as the new Group CEO after a 15-year succession plan to take Qian Hu towards the next lap of growth, while Mr Kenny Yap to serve as Executive Chairman.

Towards The Next Wave

"Amidst very tough conditions, there have been many ups and downs throughout these two decades. 20 years is no mean feat, it shows our adaptability to different difficulties and we have overcome many challenges! Qian Hu's growth as a major exporter around the world is a great source of pride and definitely something to be proud of, while we look forward to the younger generation steering us for the next wave."

Andy Yap Ah Siong
Division Head
Qian Hu Fish Farm Trading

"We have transformed so much in the last 20 years to become more diversified, and growing into more countries. We have enjoyed a great learning environment benefitting from the entrepreneurial mindset of management. We have learnt and grown together, and made better decisions collectively. We will continue to treasure diversity with more ideas from more people. Qian Hu will always evolve with the times. It's a never-ending learning journey that we are heading towards and we look forward to it."

Yap Kok Cheng
Chief Executive Officer
Qian Hu Corporation Limited

"It has been a challenging year in 2020 for all businesses due to COVID-19. It is also an opportunity for us to rethink our strategy and our risk management policies. Since we operate as an essential business, we have been able to diversify into many different industries and meet our customers' needs in the past few years. Change is the only constant and we now see that the little things can make a big difference. Our successes should be judged by the seeds sown, not the harvests reaped. We believe that with good attitude, perseverance, and healthy culture, we can grow Qian Hu to greater heights!"

Lee Bin Hao
Assistant General Manager
Qian Hu Tat Leng Plastic Pte Ltd

"My work at the finance and accounting team at P.T. Qian Hu Joe Aquatic Indonesia for the past 10 years has allowed me to develop many new skillsets and abilities. Importantly, there are sufficient opportunities for career growth within the company given the leadership culture and open communication across all levels of the organisation. The social and virtual gatherings organised for all employees are an important part of our corporate social fabric which binds us together. In the coming 20 years, I hope Qian Hu can grow to be even stronger – together, I believe we can achieve even greater success."

Diana Akbar
Accounts Manager
P.T. Qian Hu Joe Aquatic Indonesia

"Having been with the Qian Hu family since 2005, I have seen the continued growth of the company, especially in product development and human resources. There have been many opportunities provided to us at work such as studying and overseas training. It has been extremely heartening to work with colleagues who are passionate and united to work together for the good of the company. We look forward to the coming 20 years at Qian Hu and the collective progress of all our employees."

Mongkhol Intawong
Store Supervisor
Qian Hu Marketing Co Ltd

"This year, we have had to make difficult decisions to go back to a clean slate, to our roots, and remember to keep things simple. To me, integrity is the most important quality in business in order to have success and we have seen both positive and negative experiences with this approach. But in 20 years, we have also persevered in our business to build our business and expand abroad. I hope our younger generation can keep up the same values and spirit to continue the tradition."

Jimmy Tan Boon Kim
Managing Director
Thai Qian Hu Company Limited
Advance Aquatic Co Ltd
P.T. Qian Hu Joe Aquatic Indonesia

"The work at P.T. Qian Hu Joe Aquatic Indonesia inspires me, as working with various professionals allows me to learn from their experience, and I know that the company will push me to take on new and challenging opportunities. I love our open and transparent company culture and it's a joy to witness our teams' passion for their jobs, which allows them to gain a wealth of knowledge about the Ornamental Fish industry."

Julianto Hartono
General Manager
P.T. Qian Hu Joe Aquatic Indonesia

"With the instilled Qian Hu core values deep in our people, there will be much more automation and digitalisation to be undertaken in enhancing competitiveness in the global market moving forward."

Lim Si Loon
General Manager
Qian Hu Aquarium and Pets (M) Sdn Bhd
Qian Hu The Pet Family (M) Sdn Bhd

“时光如梭，光阴似箭。转眼间，仟湖集团已经走过20个春秋。而我也在公司带领下走过了12多年的时光，担任电器工程师的重任，感谢仟湖给予了我学习与展示技术的机会，在吸收接纳新的技术的同时让我不断突破自我。相信通过我们的努力，一定能实现仟湖集团在水族圈里的价值，也更好的体现我们的个人价值。与公司一同迎接更加辉煌的未来！”

焦勇
电器工程师
广州仟湖水族宠物器材制造有限公司

Towards The Next Wave (cont'd)

"Having witnessed the ups and downs in our business in the past 20 years, if anything, it has taught us that we have to progress, we have to keep moving forward. We have made great inroads with our expansion into Aquaculture; with our solid foundation, I believe we can pivot towards new streams of growth. Our investment in time, resources and effort into technology and systems will put us in a good position to tackle the next lap."

Low Eng Hua
Managing Director
Qian Hu Marketing Co Ltd

"I have been with P.T. Qian Hu Joe Aquatic Indonesia for 10 years and really appreciate the culture here, which practices very open communication across all levels. Integrity, entrepreneurship, value creation and teamwork has always applied in every work process which we proudly uphold. The working environment allows us to be creative with new, innovative ideas to increase our productivity. Our teamwork is robust and we believe in collective problem solving. Moving ahead, we look forward to delivering more consistent, good performance and contributing our experience and skills to cultivate future generations."

Wawan Hernawan
Operations Manager
P.T. Qian Hu Joe Aquatic Indonesia

"Despite the challenges in the past 20 years, we have learnt that we should dream big, believe in our dreams no matter the situation, and strategise and execute passionately towards those dreams. To persevere on this journey, we need likeminded individuals who are passionate, resilient, learn from mistakes and bounce back when knocked down. We will continue to build a business with great corporate culture, and invest in good people to build a formidable team to lead Qian Hu to greater heights."

Yap Kay Wee
Head of Accessories Business,
China Operations

"My work at Qian Hu spans the last 18 years since 2003, during which I had access to many opportunities and worked across many departments, driving continued growth with our employees and management. We are proud to see Qian Hu continue to grow and develop the Thai market until today in line with our own brands and products. I appreciate our warm Qian Hu family culture and the opportunity to cross paths with great colleagues. Together, I believe we can be even more successful going forward."

Sayumpuu Phaokar
Sales Supervisor
Qian Hu Marketing Co Ltd

Commemorating 20 years on the Singapore Exchange

8 November 2020

In commemoration of our 20th anniversary on the Singapore Exchange, Qian Hu issued its employees with a limited edition Ez-Link card.

About Us

Qian Hu has long been a forerunner in the Ornamental Fish business, with its rich legacy dating back to 1988. What started as a humble fish farm has now grown into an international business featuring a full spectrum of services – from breeding to farming high-value Dragon Fish, as well as the import, export, and global distribution of Ornamental Fish.

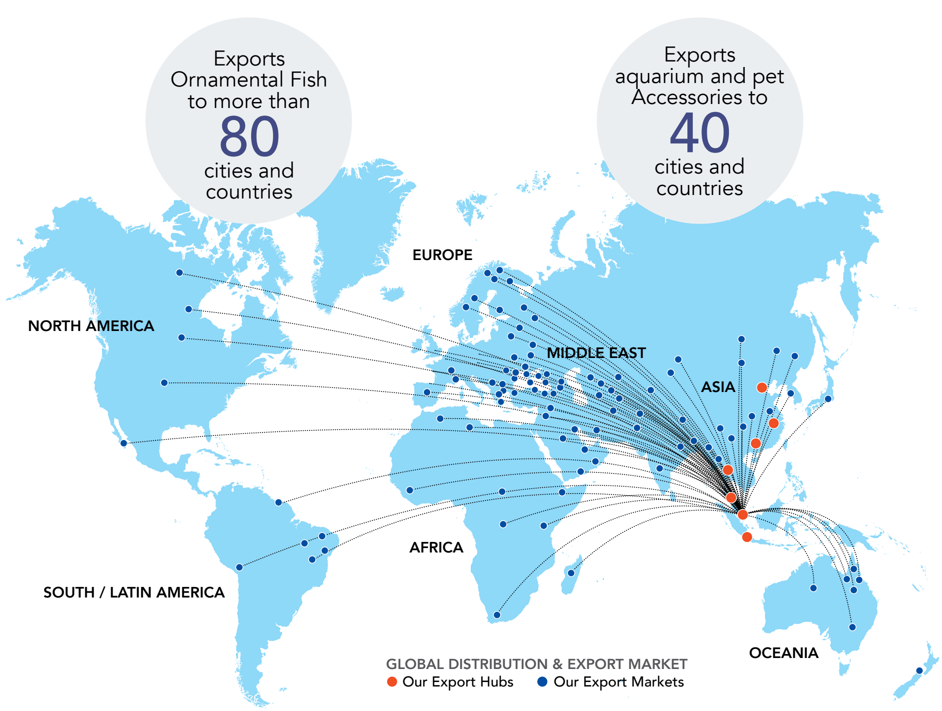
Our comprehensive range of well-loved aquarium and pet Accessories are appreciated by many hobbyists and enthusiasts alike, touching countless lives around the world.

Both our Aquaculture farms in Wenchang, Hainan Province in China – where we farm antibiotic-free edible fish fingerlings, export edible fish and seafood to Southeast Asia and import other such products to China – continue to grow as sustainable food sources since 2017.

Meanwhile, we also operate an ancillary business in the manufacture of plastic bags for our own use in the packing of Ornamental Fish for sale as well as other industrial uses.

Together, these businesses drive an integrated ecosystem focused on technology, innovation and quality.

As we head into our 20th anniversary of being a listed company on SGX since 2000, we continue to uphold high standards and commitment towards corporate transparency and governance, investor relations, as well as sustainability reporting.



31% of Group Revenue

SINGAPORE

- Our home market
- Extensive global distribution network and established domestic customer base
- Leading Ornamental Fish and aquarium Accessories distributor

47% of Group Revenue

ASIA

- Incorporated subsidiaries in Malaysia, China, Thailand and Indonesia as export hubs and domestic distributors
- More than 127 distribution points across various cities in China
- Other major customers' presence in India, Japan, Philippines, Taiwan, Korea and the Middle East countries
- Biggest Ornamental Fish distributor in Thailand

9% of Group Revenue

EUROPE

- Exporting from our five export hubs in Asia to major customers in Germany, United Kingdom, France, Spain and the Netherlands

13% of Group Revenue

REST OF THE WORLD

- Growth in revenue contribution from the USA, Canada and Australia

Letter from the Chairman

Dear Bosses

Qian Hu has weathered many crises in our journey – the Asian Financial Crisis from 1997 to 1998, the aftermath of the 9/11 terrorist attacks in 2001, the Subprime Crisis between 2007 to 2009, and now, the COVID-19 pandemic. I am sure you would all agree that COVID-19 is by far the most extensive crisis as it has devastated many businesses and lives all around the world, where hardly any country has been spared its effects.

I am reminded once again about the two significant setbacks that Qian Hu went through over the years. In 1989, a severe thunderstorm wiped our entire inventory of guppies. A few years later, in our haste to rebuild our fish business, Qian Hu hit another major snag when our entire inventory of 4,000 loaches died as loaches are particularly sensitive to noise and were affected by the nearby construction. Back then, it felt like it was 'game over' for Qian Hu! However, we were determined to overcome this major crisis, and we did. In fact, we have always viewed our past setbacks as opportunities for us to grow and improve ourselves.

Similarly, as if to balance its disastrous effects, this crisis too has presented us with opportunities - to be humble and learn more about ourselves and about our humanity; to embrace technology, and to think out of the box.

RIDING THE WAVES

Just like a surfer who rides the waves, the secret to success is the ability to rise up and stand on the board again after a wave hits, so that there is a chance to ride the next wave. Resilience is not about staying up the whole time and never falling. It is about getting back up quickly after being knocked off the board and doing even better when the next wave comes along. It is about focusing on the next great opportunity.

While the wave of the COVID-19 pandemic has hit hard, rest assured that we are building our strength and resilience to get up again – in time for the next wave.

UPPING OUR ANTE IN AQUACULTURE

Aquaculture remains a major driver of Qian Hu's future growth as we expect it to be many times bigger than our current core Ornamental Fish business. To that end, we have leveraged our experience in Hainan and piloted a successful project in farming mono-sex giant freshwater shrimp in Singapore. We also embarked on the contract farming of freshwater shrimp in Desaru, West Malaysia in July 2020.

The expansion of our Aquaculture business closer to home is also in line with the Singapore government's goal of producing 30% of the country's nutritional needs by 2030. As such, we have been upping the intensity of developing our Aquaculture farming systems to achieve highly efficient methods that are space- and cost-efficient, as well as friendly to the environment. This technology, know-how and expertise can also be shared with other local breeders as we collectively work towards our national food sustainability goal.

INNOVATION REMAINS AT OUR CORE

R&D remains core at Qian Hu. This year, we have worked tirelessly to improve our Aquaculture filtration system technology as we move towards high-tech farming. Aside from our focus on the breeding of mono-sex giant freshwater shrimp to ensure better quality stock, we are also in the midst of working with researchers to develop yeast-based fish nutritional products on top of our existing antibiotic-free feeds.

Despite the severe impact of the pandemic this year, our Ornamental Fish team has not rested on its laurels with ongoing R&D to further improve overall productivity and automation.

Similarly, the Accessories division has also been working hard to bring new products to market, such as the range of OF Kirameki series of professional and super-premium Koi feed that imparts colour-enhancing properties to competition-grade koi fish while nourishing the fish with probiotics and immune boosters.

REFINING OUR WAYS OF WORKING

This year, we have closely reviewed our supply chains to develop stronger domestic networks within each of our export hubs in Singapore, Malaysia, China, Thailand and Indonesia. We have also deployed land transport options in view of the fact that there has been a substantial reduction of flight frequencies that hamper our fish exports.

As consumers increasingly turn to online channels for their purchases, Qian Hu has pivoted our approach to sales and marketing as well. Our retailers have been working closely with us to promote and market products via live broadcasts on popular online and social platforms in each market.

WELCOMING THE NEXT GENERATION OF LEADERS

More than 15 years ago, we started preparing the next generation of leaders at Qian Hu as part of our commitment to building a business that lasts for generations, alongside a seamless transition of leadership. Our succession programme – initiated since 2004 – has resulted in a cohesive and experienced team which has undergone a demanding grooming process that involved job rotations and overseas postings. Amongst them, the Board's Nominating Committee has identified the Group's next CEO – Mr Yap Kok Cheng.

Kok Cheng joined Qian Hu in 2005 as a management trainee at our Beijing subsidiary where he developed distribution channels for Ornamental Fish and Accessories in the Northern China region. A year later, he moved on to the role as the General Manager of Beijing for 10 years before being appointed Head of China Operations from 2016 to 2018. He was also responsible for setting up our new Aquaculture business in Hainan.

With effect from 1 January 2021, Kok Cheng has assumed the role of the Group's CEO while I remain as the Executive Chairman to ensure a smooth transition. I trust you will join me in welcoming Kok Cheng as he and his team prepare to take Qian Hu into the next lap.

LOOKING AHEAD

It is anybody's guess what the business outlook looks like whilst we are in the midst of a pandemic. Suffice to say that the macro economic climate remains extremely challenging, until a viable solution is found to stem the pandemic.

I have always believed that even in extreme economic situations, one would not stop caring for one's pets, and this crisis has confirmed this conviction, underscoring the resilience of market demand in our industry. Our new initiatives in the breeding of mono-sex giant freshwater shrimp in Malaysia and Singapore are an expansion of our Aquaculture business, which we are optimistic about. When executed successfully, we hope to replicate this in our other hubs, as well as to expand the product range. We also bear in mind the long-term goal of Singapore's critical need to find sustainable solutions for food security and sufficiency by 2030.

While we recognise that we are not able to control the external economic environment, we can, however, do what we must to renew our products and processes, continue to innovate, and digitalise our operations. Although there are challenges to overcome, we believe we will emerge much stronger than before.

I would like to take this opportunity to thank our Board of Directors, our business partners, our customers, our employees and most of all, our shareholders, for standing by Qian Hu for the last 20 years. As we ride out the crisis together, we will continue to positively position the Group for the next waves of growth and opportunities.

Have a safe and bountiful year ahead.

Kenny the Fish
Executive Chairman

主席的话

各位老板们：

仟湖一路走来经历过不少风雨——从1997年至1998年的亚洲金融风暴、2001年911恐怖袭击的余波、2007年至2009年的次贷危机到现今的冠病疫情。我相信大家都会认同这次冠病疫情的破坏力，可以说是前所未有。这场疫情肆虐全球，重创了许多国家经济的同时，也彻底改变了人们的生活步调——几乎没有任何国家能够幸免。

这不禁让我想起了仟湖之前所遭遇过的两次重大挫折。1989年，一场大暴雨摧毁了当时鱼场所饲养的孔雀鱼鱼苗。几年后，急于重建业务的我们，草率地决定专注饲养我们不太熟悉的胭脂虎。不幸的是我们所饲养的4000只胭脂虎因受邻近建筑工地声音的干扰而全数死亡。当时，几乎就感觉仟湖是很难再往前走了。尽管如此，我们毅然重新收拾心情，决心站起来面对这场危机。经过几年的努力，我们终于克服了难关，仟湖又挺过来了。每一次的挫折对仟湖来说是一次经验的累积，我们都会认真地分析检讨，从失败中吸取宝贵的经验，将它化为仟湖成长和自我提升的良药。

2020年的冠病疫情危机，也同样地为我们上了宝贵的一课。这次的危机迫使我们重新学习何为谦卑、也重新认识仟湖的业务、更加快步伐借助科技以提升仟湖的营运效率，进一步推进与巩固创新思维。

乘风破浪

如同冲浪者乘风破浪一样，真正的成功是被海浪击倒后，能够重新站起在冲浪板上，迎接新一阵的波浪。维持屹立不倒的状态并不是顺应力的体现。相反的，真正的顺应力是在被击倒后，诚心诚意地做出调整，从新出发准备迎接新一轮的机会。

尽管这场冠病疫情的破坏力非凡，我坚信仟湖会不断努力地巩固我们的核心基础以及做出相应的调整，为迎接下一波做足充分的准备。

扩大水产养殖业务

水产养殖仍然是仟湖业务未来增长的主要驱动力。我们预计水产养殖业的规模将是观赏鱼业务的数倍。为此，我们将中国海南所累积的经验用于新加坡鱼场而成功开展了淡水虾单性繁殖的试点项目。我们也于2020年7月在马来西亚西部的迪沙鲁开始了淡水虾养殖。

仟湖至力扩展水产养殖业务也符合了新加坡政府所设下的能于2030年自产供应全国30%的食品需求的目标。我们一直在加大力度研发水产养殖体系，以达到节省空间、节约成本，并且对环境友好的高效养殖方法。与此同时，仟湖也与其他本地业者们分享所学到的技术和专业知识，一起努力体现新加坡食品可持续性的长远目标。

创新仍是仟湖的轴心

研发依然是仟湖发展的核心。今年，随着仟湖向高端科技养殖法迈进，我们也在不断提升水产养殖过滤系统技术。另外，除了专注于淡水虾单性繁殖以确保更好的品质以外，我们还与研究人员合作，在仟湖现有的无抗生素饲料的基础上开发酵母类的鱼营养产品。

尽管这次的疫情对仟湖的观赏鱼业务有一定程度的冲击，但是我们的团队并没有因此而懈怠。反而在现有的作业流程上加强自动化，以进一步提高观赏鱼业务整体的生产力。

水族器材业务方面也不断地将新产品推向市场，包括OF Kirameki专业和优质锦鲤鱼饲料系列。该系列的饲料产品是专门为参赛级的锦鲤鱼所调配，饲料配方不仅能够提升锦鲤鱼的色泽，还添加了有利于锦鲤鱼健康的益生菌和免疫促进剂。

精进我们的工作方式

今年，我们也借机审视了仟湖的供应链，以更强化在新加坡、马来西亚、中国、泰国和印度尼西亚所设立的出口枢纽的国内销售网络。碍于飞行频率应疫情氛围受管制而大幅度减少，因而影响了观赏鱼与食用鱼的出口，我们也因而增加采用陆路运输模式。

这次的疫情也促使越来越多的消费者转向网络购物。为了更好顺应市场的转变，我们的销售和营销方式也逐步转向网络渠道。在与零售商的紧密合作与配合下，透过各地普及的在线和社交平台推广仟湖的产品。

新一代领导班子

上市至今，我们致力于将仟湖打造成一个领导层能无缝交接、世代相传的企业。我们早在2004年已开启了发掘具有潜力接班人选的传承计划。经过多番的严格评估及考核，仟湖董事会的提名委员会一致认为叶国清先生具备了带领仟湖走向新里程碑的领导能力和经验。

叶国清于2005年1月加入仟湖集团，并在同年被派往北京，负责集团在中国华北地区的部署、运营和业务发展。一年后，他晋升为北京分公司总经理，任职长达10年。2016年至2018年，他被提升为集团的中国区域总经理，全面负责集团在中国的业务。他更肩负起开拓集团在海南新设的水产养殖业项目。

叶国清已于2021年1月1日接任了仟湖首席执行官一职，而我会继续担任集团的执行主席。我相信大家和我都非常期许国清与他的团队能继续将仟湖推向新的高峰。

迎接新的波浪

世事如棋，没有人能够预测未来前景的走势将会是如何。无可置疑的则是在找到能够全面遏制冠病疫情的措施之前，宏观的经济环境仍然会荆棘重重也颇具挑战性。

我一直认为，一个人即便处于极具艰难的经济形势，对自己宠物的关爱与照顾是不会减退的。这次的疫情不仅证实了这个理念，也凸显了我们业务在市场需求方面的坚韧性。再则，我对我们在新加坡和马来西亚所开展的淡水虾单性繁殖项目也深具信心。项目取得成功后，我们便能够将它复制到仟湖设立在其他国家的枢纽并扩大产品范围。与此同时，我们更铭记着配合兑现新加坡政府所设下能在2030年自产供应全国30%的食品需求的目标。

虽然外在经济环境在我们的掌控之外，但在仟湖的能力所及的范畴，我们会不予余力地更新产品、精简营运流程、继续保持创新思维，也会着手将我们的作业流程逐渐地走向数码化。尽管这个过程将会迎来几许挑战，但我相信仟湖会在此疫后更具有竞争力。

最后，我要感谢仟湖的董事局成员、我们的合作伙伴、客户和全体员工，更重要是股东们。感谢你们这20年来对仟湖的支持与信任。在我们齐心协力共同携手渡过这次危机的同时，我们将继续提升仟湖的能力，以更强大的姿态迎接崭新的成长旅程。

祝愿大家有个安好与丰裕的一年！

叶金利
执行主席

Corporate Information

BOARD OF DIRECTORS

Executive Chairman

Kenny Yap Kim Lee

Members

Alvin Yap Ah Seng
Lai Chin Yee
Tan Tow Ee
Sharon Yeoh Kar Choo
Ling Kai Huat
Soong Wee Choo
(Appointed on 1 April 2020)

COMPANY SECRETARY

Lai Chin Yee

REGISTERED OFFICE

No. 71 Jalan Lekar
Singapore 698950
Tel: (65) 6766 7087
Fax: (65) 6766 3995
Website: www.qianhu.com

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Partner-in-Charge
Yeo Lik Khim
(Appointed in financial year 2017)

BOARD COMMITTEES

Audit Committee

Chairman
Tan Tow Ee

Members
Sharon Yeoh Kar Choo
Ling Kai Huat
Soong Wee Choo

Nominating Committee

Chairman
Sharon Yeoh Kar Choo

Members
Tan Tow Ee
Soong Wee Choo

Remuneration Committee

Chairman
Soong Wee Choo

Members
Sharon Yeoh Kar Choo
Ling Kai Huat

Risk Management Committee

Chairman
Ling Kai Huat

Members
Tan Tow Ee
Kenny Yap Kim Lee
Lai Chin Yee

PRINCIPAL BANKERS

DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

Malayan Banking Berhad

Bank Of China

Citibank N. A.

The Hongkong and Shanghai Banking Corporation Limited

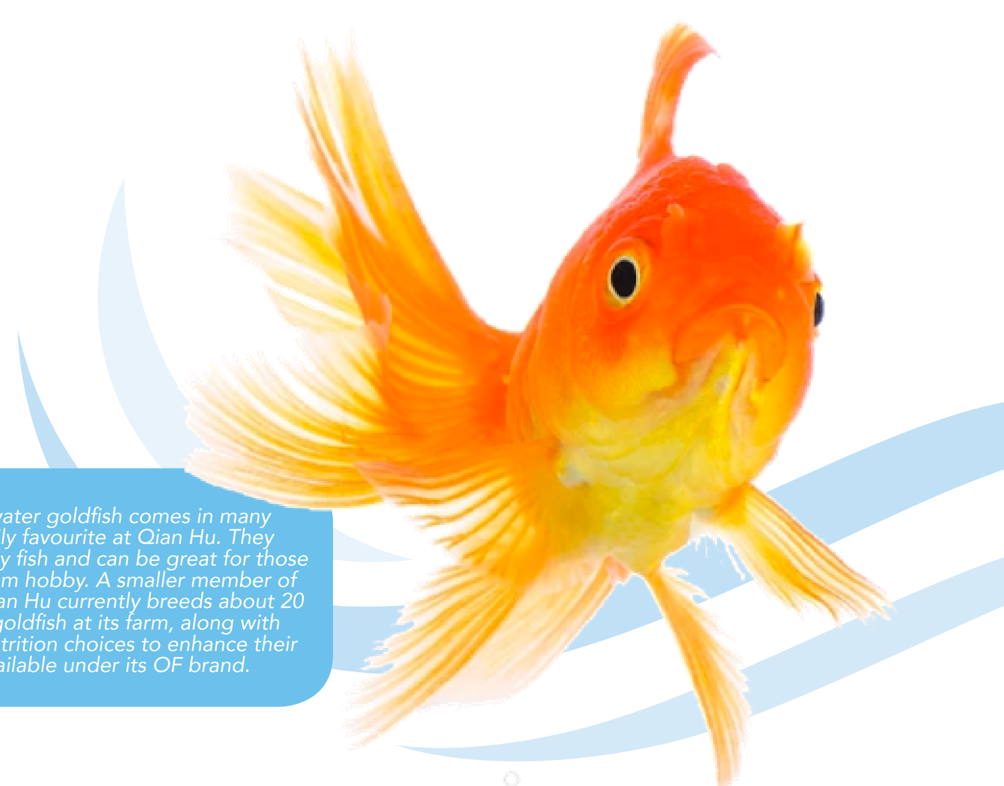
INVESTOR RELATIONS

Kenny Yap Kim Lee
kenny_yap@qianhu.com

Ho See Kim
seekim@tishrei.sg

STOCK DATA

SGX code: BCV
Bloomberg code: QIAN:SP



The humble freshwater goldfish comes in many forms and is a family favourite at Qian Hu. They are extremely hardy fish and can be great for those new to the aquarium hobby. A smaller member of the carp family, Qian Hu currently breeds about 20 different types of goldfish at its farm, along with various types of nutrition choices to enhance their natural colours, available under its OF brand.

Board of Directors

KENNY YAP KIM LEE, 55
Executive Chairman

First Class Honours degree in Business Administration, Ohio State University, USA

Fellow of the Singapore Institute of Directors

Date of first appointment as director
- 12 December 1998

Date of last re-appointment as director
- 26 March 2020

Length of services as director
- 22 years 1 month
(as at 31 December 2020)

Served on the following Board Committees
- Executive Management Committee (Chairman)
- Risk Management Committee (Member)

Present directorships in other listed companies
- Nil

Major Appointments (other than directorships in other listed companies)
- Nil

Past directorships in other listed companies held over the preceding three years
- Nil

Background and experience
- Founding member of Qian Hu
- Council Member, Corporate Governance Council (2010 - 2012)

Awards
- 2004 - Public Service Medal at the Singapore National Day Awards
- 2003 - Ernst & Young's Entrepreneur of the Year
- 2002 - Young Chinese Entrepreneur of the Year by Yazhou Zhoukan
- 2001 - One of the 50 Stars of Asia by Business Week
- 2000 - PSB/International Institute of Management's International Management Action Award
- 1999 - Top 12 Entrepreneurs of the 12th Rotary-ASME Entrepreneur of the Year
- 1998 - Singapore National Youth Award

ALVIN YAP AH SENG, 55
Executive Director

Diploma in Mechanical Engineering, Singapore Polytechnic

Date of first appointment as director
- 12 December 1998

Date of last re-appointment as director
- 28 March 2018

Length of services as director
- 22 years 1 month
(as at 31 December 2020)

Served on the following Board Committees
- Executive Management Committee (Member)

Present directorships in other listed companies
- Nil

Major Appointments (other than directorships in other listed companies)
- Nil

Past directorships in other listed companies held over the preceding three years
- Nil

Background and experience
- Founding member of Qian Hu
- Oversees the Group's aquarium and pet Accessories operations

Awards
- 1999 - Top 12 Entrepreneurs of the 12th Rotary-ASME Entrepreneur of the Year

LAI CHIN YEE, 55

Finance Director

Bachelor's degree in Accountancy, National University of Singapore

Fellow of the Institute of Singapore Chartered Accountants (ISCA)

Member of the Singapore Institute of Directors

Date of first appointment as director - 1 November 2004

Date of last re-appointment as director - 28 March 2019

Length of services as director - 16 years 2 months (as at 31 December 2020)

Served on the following Board Committees

- Executive Management Committee (Member)
- Risk Management Committee (Member)

Present directorships in other listed companies

- Micro–Mechanics (Holdings) Ltd
- Singapore Paincare Holdings Limited

Major Appointments (other than directorships in other listed companies)

- Board Member, Accounting and Corporate Regulatory Authority (ACRA)
- Council Member, Institute of Singapore Chartered Accountants (ISCA)
- Member, Continuing Professional Education Committee of ISCA
- Member, Membership Committee of ISCA

Past directorships in other listed companies held over the preceding three years

- Ryobi Kiso Holdings Ltd

Background and experience

- Responsible for the Group's accounting, finance, treasury and tax functions
- Joined the Group in 2000 as Group Financial Controller before assuming the current position as Finance Director in 2004
- Was an auditor with international accounting firms since 1987
- Member, Ministry of Finance's Tax Advisory Committee (2004 - 2006)
- Council Member, Council on Corporate Disclosure and Governance (CCDG) (2006 - 2007)
- Member, CFO Committee of ISCA (2009 - 2012)
- Member, Corporate Governance and Risk Management Committee of ISCA (2018 - 2020)

Awards

- 2009 - Chief Financial Officer of the Year (Companies with less than $300 million in market capitalisation)

TAN TOW EE, 58

Lead Independent Non-Executive Director

Honours degree in Finance, Ohio State University, USA

Date of first appointment as director - 1 May 2002

Date of last re-appointment as director - 28 March 2018

Length of services as director - 18 years 8 months (as at 31 December 2020)

Served on the following Board Committees

- Audit Committee (Chairman)
- Risk Management Committee (Member)
- Nominating Committee (Member)

Present directorships in other listed companies

- Nil

Major Appointments (other than directorships in other listed companies)

- Nil

Past directorships in other listed companies held over the preceding three years

- Nil

Background and experience

- Manages private funds and provides consultancy services
- More than 15 years working with international corporations as investment manager

Board of Directors (cont'd)

SHARON YEOH KAR CHOO, 62

Independent Non-Executive Director

Member of the Chartered Secretaries Institute of Singapore (CSIS)

Member of the Chartered Governance Institute, Singapore Division (formerly known as The Institute of Chartered Secretaries and Administrators)

Date of first appointment as director
- 17 September 2011

Date of last re-appointment as director
- 26 March 2020

Length of services as director
- 9 years 4 months
(as at 31 December 2020)

Served on the following Board Committees

- Nominating Committee (Chairman)
- Audit Committee (Member)
- Remuneration Committee (Member)

Present directorships in other listed companies

- Nil

Major Appointments (other than directorships in other listed companies)

- Nil

Past directorships in other listed companies held over the preceding three years

- Nil

Background and experience

- Director of Corporate Secretarial Services at TMF Singapore H Pte. Ltd.
- More than 30 years of experience in the corporate secretarial industry
- Worked in Coopers & Lybrand Hong Kong and Coopers & Lybrand Singapore, Evatthouse Corporate Services Pte Ltd, M & C Services Private Limited and Corporate Alliance Pte. Ltd.

LING KAI HUAT, 72

Independent Non-Executive Director

Doctor of Philosophy, National University of Singapore

Master of Aquaculture, University of the Philippines

Bachelor of Science in Biology, Nanyang University Diploma in Aquaculture, Network of Aquaculture Centres in Asia (NACA)

Date of first appointment as director
- 1 August 2015

Date of last re-appointment as director
- 28 March 2019

Length of services as director
- 5 years 5 months
(as at 31 December 2020)

Served on the following Board Committees

- Risk Management Committee (Chairman)
- Audit Committee (Member)
- Remuneration Committee (Member)

Present directorships in other listed companies

- Nil

Major Appointments (other than directorships in other listed companies)

- Nil

Past directorships in other listed companies held over the preceding three years

- Nil

Background and experience

- Senior Specialist of Agri-Veterinary Authority of Singapore (AVA) (2012 - 2015)
- Head, Ornamental Fish Section of AVA (1991 - 2011)
- Curator, Van Kleef Aquarium (1973 - 1990)

SOONG WEE CHOO, 53

Independent Non-Executive Director

Bachelor's degree in Accountancy, National University of Singapore

Fellow of the Institute of Singapore Chartered Accountants (ISCA)

Member of the Singapore Institute of Directors

Date of first appointment as director
- 1 April 2020

Length of services as director
- 9 months
(as at 31 December 2020)

Served on the following Board Committees

- Remuneration Committee (Chairman)
- Audit Committee (Member)
- Nominating Committee (Member)

Present directorships in other listed companies

- Nil

Major Appointments (other than directorships in other listed companies)

- Member, Investigation & Disciplinary Panel of ISCA

Past directorships in other listed companies held over the preceding three years

- Nil

Background and experience

- Director of Wizcorp Advisory Pte Ltd
- Chief Financial Officer of No Signboard Holdings Limited (2017 - 2018)
- Chief Financial Officer of Chosen Holdings Limited (1998 - 2016)
- Executive Director of Chosen Holdings Limited (2008 - 2016)
- Member, Continuing Professional Education Committee of ISCA (2018 - 2020)

Group Structure

DIVISIONS

QIAN HU FISH FARM TRADING

YI HU FISH FARM TRADING

WAN HU FISH FARM TRADING

SUBSIDIARIES

100%
Qian Hu Tat Leng Plastic Pte Ltd
2 Woodlands Sector
#03-35 Woodlands Spectrum
Singapore 738068

100%
Qian Hu Aquarium and Pets (M) Sdn Bhd
Block E, Lot 6212
Kampung Baru Balakong
43300 Balakong, Selangor
Darul Ehsan, Malaysia

100%
Qian Hu The Pet Family (M) Sdn Bhd
Block E, Lot 6212
Kampung Baru Balakong
43300 Balakong, Selangor
Darul Ehsan, Malaysia

100%
Qian Hu Development Sdn Bhd
Block E, Lot 6212
Kampung Baru Balakong
43300 Balakong, Selangor
Darul Ehsan, Malaysia

100%
Beijing Qian Hu Aquarium and Pets Co., Ltd
北京市朝阳区金盏乡
北马房东鱼场
Dong Fish Farm
Bei Ma Fang Village
Jinzhang Town
Chao Yang District
Beijing, China

100%
Guangzhou Qian Hu OF Feed Co., Ltd
广州市花都区炭步镇汽车城
东风大道12号
No.12, Dongfeng Road
Qichecheng, Tanbu Town
Huadu District
Guangzhou, China

100%
Guangzhou Qian Hu Aquarium and Pets Co., Ltd
广州市花都区炭步镇汽车城
东风大道12号
No.12, Dongfeng Road
Qichecheng, Tanbu Town
Huadu District
Guangzhou, China

100%
Guangzhou Qian Hu Aquarium & Pets Accessories Manufacturing Co., Ltd
广州市花都区炭步镇汽车城
东风大道12号
No.12, Dongfeng Road
Qichecheng, Tanbu Town
Huadu District
Guangzhou, China

100%
Qian Hu Aquaculture (Hainan) Co., Ltd
海南省文昌市会文镇
烟墩文园村
Yan Dun Wen Yuan Village
Hui Wen Town
Wen Chang City
Hainan, China

100%
Tian Tian Fisheries (Hainan) Co., Ltd
海南省文昌市会文镇
宝峙村边海尾
Bao Shi Village
Hui Wen Town
Wen Chang City
Hainan, China

74%
Qian Hu Marketing Co Ltd
82/2 Moo 11,
Phahonyothin Road
Klongnung Klongluang,
Pathumthani
12120 Thailand

60%
Thai Qian Hu Company Limited
30/25 Moo 8, Klongnung
Klongluang, Pathumthani
12120 Thailand

60%
Advance Aquatic Co Ltd
30/24 Moo 8, Klongnung
Klongluang, Pathumthani
12120 Thailand

49%
NNTL (Thailand) Limited
30/23 Moo 8, Klongnung
Klongluang, Pathumthani
12120 Thailand
(The Group has voting control at general meetings and Board meetings)

97.25%
P.T. Qian Hu Joe Aquatic Indonesia
JL. Raya Brantamulya Tengsaw
No. 9 Tarik Kolot
Kecamatan Citeureup Bogor
Indonesia 16810

Key Management

SINGAPORE

1 YAP KOK CHENG
Chief Executive Officer (CEO)
Qian Hu Corporation Limited

Mr Yap was appointed Chief Executive Officer on 1 January 2021. With his new appointment as CEO, Mr Yap plays a strategic executive role in developing the Group's businesses, providing leadership, while overseeing the day-to-day operations in Singapore and the region. In particular, he will continue to drive the Group's growing Aquaculture business.

He currently serves as a member of AVS' Ornamental Fish Business Cluster.

Mr Yap first joined the Group in January 2005 as a management trainee when he was posted to Beijing to manage the Group's operations and business expansion initiatives in Northern China. In 2016, he was appointed the General Manager of China Operations, and was tasked to oversee the Group's Aquaculture business and its entire business development in China.

Mr Yap holds a Bachelor of Commerce degree from the University of New South Wales, majoring in Finance and Economics.

2 ANDY YAP AH SIONG
Division Head
Qian Hu Fish Farm Trading

Mr Yap, a founding member of the Group, heads the Group's Fish operations.

Mr Yap was the Managing Partner for Qian Hu Fish Farm Trading from 1989 to 1998. In 2000, Mr Yap together with Kenny Yap and Alvin Yap, was honoured as one of the Top 12 Entrepreneurs at the 12th Rotary-ASME Entrepreneur of the Year awards. Mr Yap was also a finalist at the 10th Rotary-ASME Entrepreneur of the Year awards in 1998.

Mr Yap holds a diploma in Business Studies from Ngee Ann Polytechnic.

3 LEE KIM HWAT
Managing Director
Qian Hu Tat Leng Plastic Pte Ltd

Mr Lee has been overseeing and managing the operations and business development of Qian Hu Tat Leng for more than 22 years. He is responsible for the growth of the Group's plastics business.

4 BOB GOH NGIAN BOON
Senior Manager
Regional Business Management

Mr Goh joined the Group in 2001. He was appointed General Manager of its Guangzhou factory in 2005 and was transferred to the Group's Beijing and Shanghai operations in August 2007 and January 2008 respectively to handle the day-to-day operations. With effect from January 2016, Mr Goh has been re-designated to supervise and handle the Group's regional business, focusing mainly in China and new markets.

Prior to joining Qian Hu, Mr Goh was a Brand Manager and has managed several high-profile international brands.

Mr Goh holds a diploma in Business Studies from Ngee Ann Polytechnic.

MALAYSIA

5 THOMAS NG WAH HONG

Managing Director
Qian Hu Aquarium and Pets (M) Sdn Bhd
Qian Hu The Pet Family (M) Sdn Bhd
Qian Hu Development Sdn Bhd

Mr Ng is responsible for the overall business development of Qian Hu's business in Malaysia.

Prior to joining the Group in 1998, Mr Ng was a director with Guan Guan Industries Sdn Bhd since 1990, and Agemac Verdas (Malaysia) Sdn Bhd from 1996 to 1998.

Mr Ng holds a diploma in Civil Engineering from Singapore Polytechnic.

CHINA

6 LIM YIK KIANG

Head of Fish Business, China Operations

Mr Lim joined as a retail supervisor with Qian Hu Singapore in 2000, managing the retail operations in Singapore. In 2004, he was transferred to administer the Group's Dragon Fish operations in Shanghai. Mr Lim specialises in the sales and operations of Dragon Fish and other Ornamental Fish in the China market. He was appointed in January 2016 to oversee the Group's Ornamental Fish and Aquaculture business in China.

7 YAP KAY WEE

Head of Accessories Business, China Operations

Mr Yap joined the Group in January 2005 as a management trainee in its Guangzhou office. He was responsible for the Group's accessories sales and marketing initiatives in the Southern China. He also spearheaded various innovative projects with the Group's Integrated R&D team, such as the revolutionary Hydro-Pure technology. He is appointed to his current role in January 2016 to take charge of the Group's Accessories business in China.

Mr Yap holds a Bachelor of Commerce degree from the University of New South Wales, majoring in Marketing and International Business.

THAILAND / INDONESIA

8 JIMMY TAN BOON KIM

Managing Director
Thai Qian Hu Company Limited
Advance Aquatic Co Ltd
P.T. Qian Hu Joe Aquatic Indonesia

Mr Tan oversees the business operations and business development of the Group's Ornamental Fish business in Thailand and Indonesia.

Prior to his current appointments, Mr Tan was the division head of Daudo division in Singapore, overseeing the import, export and wholesale of ornamental fish.

9 LOW ENG HUA

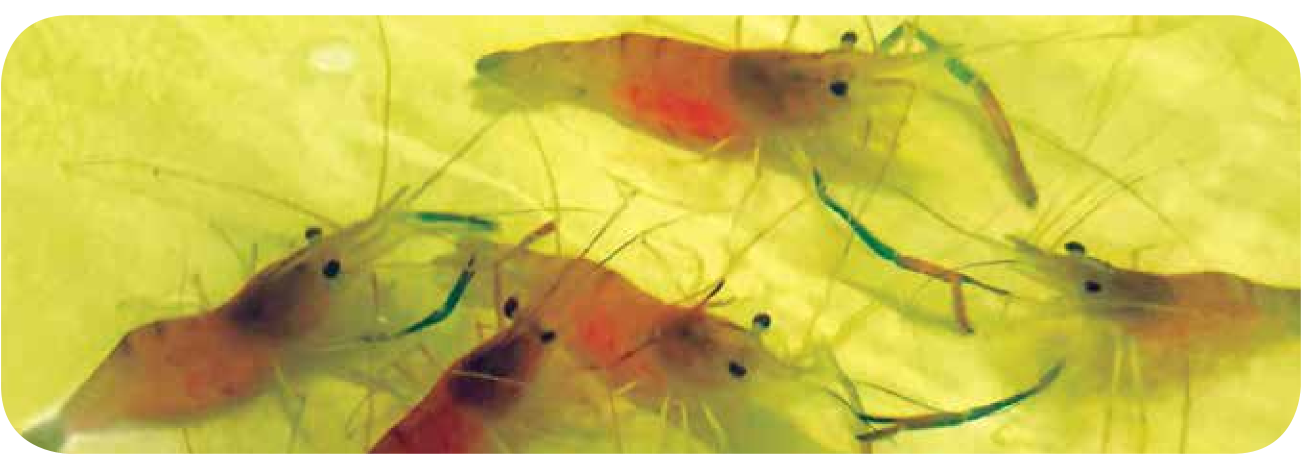
Managing Director
Qian Hu Marketing Co Ltd

Mr Low joined the Group in 2001 as its Group General Manager. Over the years, he was assigned to manage the Group's various overseas operations and projects in China, Thailand and India. At present, Mr Low is responsible for the business collaboration and development of the Group's Accessories business in Thailand.

Prior to joining the Group, Mr Low worked in Engage Electronics (S) Pte Ltd from 1993 to 2001 where he rose through the ranks from Application Engineer to Deputy Operations Manager.

Mr Low holds a Bachelor degree in Engineering from the National University of Singapore.

Market Updates



SINGAPORE

With COVID-19, there were considerable disruptions this year to the global supply chain that affected our exports of ornamental and edible fish, and to a lesser extent, our aquarium and pet accessories business.

In Singapore, the government introduced a "circuit breaker" phase to restrict business and social activities from 7 April 2020 in order to stem the escalation of COVID-19 local transmissions. Some of our business activities were unable to operate until we exited the circuit breaker on 2 June, and as a result, our fish export business was severely affected as we are very dependent on the operations and availability of air cargo.

However, we have observed that the demand for fish continues to be resilient. We remain focused on improving our productivity by tapping on government grants to explore further automation for our fish business. With the lifting of border restrictions and the gradual resumption of air traffic since July 2020, we envisage eventual recovery from this business segment.

This year, we focused on spending time on growing our Aquaculture footprint beyond China, and one of our successful pilot projects involved farming mono-sex giant freshwater shrimp at our Singapore farm. By focusing on mono-sex culture which increases survival rates, we can potentially achieve higher farming intensity in Singapore which addresses the land constraint issues. With our hatchery for giant freshwater shrimp set up in Sungei Buloh, we have been able to successfully supply our products to Singapore and Malaysia.

We have also started an intensive farming system for Vannamei shrimp in Singapore with promising results. Vannamei shrimp are typically challenging to rear consistently due to a few factors – disease management, quality of fries and bio-load which affects water conditions. With a system featuring a multi-tier design, we are able to achieve efficient farming which addresses environmental, land use and cost issues. Ultimately, it also allows us to maintain a better controlled environment for the shrimp, and coupled with our antibiotic-free feeds and medication, results in more predictable production outcomes. In the coming year, we will also be looking at the R&D behind breeding more consistent stocks of Vannamei shrimp in Singapore and Malaysia.

In our Accessories segment, we have introduced a number of new products in Singapore this year. Under the OF brand, we have launched the Qian Hu Probiotic series of probiotic enzymes for improving Koi fish digestion, nutrient absorption, biological nitrification and water purification. Koi owners can also look forward to a new range of fish feed: OF Professional Competition Grade Koi Feed - Kirameki Pro Series, and the OF Super Premium Koi Feed - Kirameki Super Premium Series.

Other OF products include our improved range of OF Freshwater Hydra Aquatic Depurators and Hydra Stream Aquatic Depurators specifically for freshwater applications and featuring new, improved Hydro-Pure Technology.

The Aqua Zonic range has expanded with new UV lamps – the Anchorage Submersible High Power UV Lamp and the Mini Submersible UV-C lamp G3 with a 360 degree reflector – as well as the Spartan DC variable frequency water pump.

Our pet product range increased as well in 2020 with new products under our Aristo-Cats Yihu brand, comprising a Healthcare Series of canned cat food made with natural ingredients such as turmeric, ginger, tomato and papaya, for instance. This range of cat food addresses specific needs such as kidney care, liver care, joint care as well as functional needs such as better digestion and hairball control. We also widened our products under the Reptilepro brand with the Reptile Paradise Platform for turtle basking, and the new Reptile Paradise Acrylic Tank with basking lamp.

In the coming year, we aim to build on our Aquaculture capabilities to scale up and increase production of our giant freshwater shrimp, with plans in the next 2 years to research the breeding of mono-sex giant freshwater shrimp and produce our own mono-sex brooder stocks. To this end, we have plans to further upgrade our Hydro-Pure Technology for better filtration efficiency for freshwater applications. With this, we can potentially look into expansion into neighbouring markets such as Malaysia, Thailand and Indonesia, with Singapore as a brooder stock centre.

Our efforts are in line with the Singapore government's aim to produce 30% of the country's nutritional needs by 2030. In addition, we also see that there may also be opportunities for us to exchange knowledge with the industry given our existing technology and knowledge, where more farms may eventually undertake aquaculture farming with the government's directive and its support in the form of financial grants.

Market Updates (cont'd)

MALAYSIA

In mid-March 2020, the Malaysian government initiated a Movement Control Order ("MCO") due to the pandemic, where all non-essential businesses were required to close. We were not spared either and could only resume operations in May 2020. The ongoing uncertainty has brought challenges in almost all areas of our business, from supply chain delays to soft customer demand.

Despite these challenges, in July 2020, we embarked on the commercial farming of mono-sex giant freshwater shrimp in Desaru, West Malaysia by engaging a contract farmer who owns 200 acres of land. With the infrastructure already in place, we were in a good position to commence farming given our technology and expertise, with the first batches of mono-sex giant freshwater shrimp launched by end 2020 in both Singapore and Malaysia.

We also saw higher interest in the traditional fish-keeping hobby during the MCO. For instance, betta fish were much sought after and most aquarium shops reported a surge in demand for this variety. As a result, we were able to distribute more aquariums, fish food and medication to our retailers.

This year, we launched a number of aquarium Accessories in Malaysia, including the OF Hydra Ginox, a filtration system fully expandable for bigger ponds with backflush; as well as the OF UV Radiator, a highly efficient sterilisation system with individual controlled UV lamps.

Under Aqua Zonic, we introduced the Anchorage Submersible UV Lamp, a self-sinking lamp with an anchor weight that allows the lamp to be secured in place, and the Spartan Pump, a compact variable frequency pump with inverter technology to reduce power consumption.

Other new launches include the high output OF Ultrair Air Pump, quieter than similar products equipped with Air Flow Dial to manage air flow; Aqua Zonic EVO Mini LED, a fully extendable light stand for easy mounting with Spectra Red LED for red colour enhancement; and Sumo Cat Tofu Cat Litter – dust free, flushable and biodegradable cat litter produced with human-grade tofu.

Our retail segment opened a new outlet at Kelana Jaya in March 2020 with more emphasis on serving cat lovers within this vicinity. In addition, we introduced home delivery plus self-pick up services during the pandemic due to restricted retail opening hours. With these value-added services, customer reviews for our stores improved by leaps and bounds despite not being able to shop physically.

Going forward, we have plans to increase our leverage on social media platforms to amplify our reach. As a result, we are currently reviewing our business model to see how we can explore new markets, new customer segments, introduce new products, redesign package sizes and quantities for the online marketplace. This will help the business meet post-MCO expectations of the market and understand the sensitivities of our customers' purchasing behaviours.

CHINA

The China market was heavily impacted by COVID-19 in 2020, particularly from January to March. Notwithstanding that the Chinese market is still shrouded by uncertainty, we remain optimistic in our ability to grow our market presence in the coming years.

Our Aquaculture business in Hainan Province was impacted by the cuts in air freight capacity and the lockdown in China. During the lockdown, we focused on our supply to local farmers for local consumption which substantially comprised our Aquaculture revenue. With Hainan slated to be the free trade island of China, we are hopeful that flight restrictions can be gradually loosened so that we can resume more of our export activities.

Increasingly, more regional coastal farms are being removed in China due to illegal land rights and occupancy issues. As such, a growing number of areas are being segregated and dedicated for aquaculture farming purposes, such as the area where Qian Hu's farms are located. These areas are expected to yield more high-end technology aquaculture methods in Hainan in the future, which holds positive prospects for our Group's development in the Aquaculture business.

Our China Accessories business' growth was underscored by three pillars: fish tanks, fish food and water conditioners. Customers pursue the luxury of "tailor-made" exclusivity with customisable tanks offering material options and modular pricing structures. Aside from including bundled packages such as other Qian Hu aquarium accessories, we also focus on value-added aftersales service. As a major product category, the focus on design, manufacturing and promotion of customisable fish tanks will form part of our future strategy.

During the year, we launched a number of new aquarium accessories products for the Chinese market, including the OF Freshwater Hydra Aquatic Depurator & OF Freshwater Hydra Stream Aquatic Depurator, both with improved Hydro-Pure Technology for freshwater applications. Other products introduced under the OF range include filtration, water purification and sterilisation systems for big pond applications – namely the OF 3DM BB-Mech Chamber, the OF 3DM Bio Chamber, the OF Hydra Ginox, and the OF UV Radiator.

We are moving towards a hybrid model of online e-commerce and physical retail stores in China, and widening our consumer reach through popular online 'live' streaming platforms. This approach works well in this new normal by amplifying our engagement around the educational content for our aquarium and medication products.

Our edible fish range includes the breeding of fingerlings for humpback groupers, coral trout and hybrid giant groupers that can be grown to market size, similar to this one. Groupers are traditionally extremely popular as a healthy, tasty food source. With our ability to provide biologically clean water for fish, fish feed of the finest quality, herbal-based (plant extract) medication that is free of antibiotics – these form the foundation of how Qian Hu cultivates healthy, safe and responsible edible fish.

Market Updates (cont'd)

THAILAND

The Thailand market has maintained relatively stable performance this year amid the effect of the pandemic, with local demand intact despite the lower tourism numbers and a softer overall market.

Whilst our Ornamental Fish business was impacted by flight restrictions, we continued to explore new varieties and types of betta fish with different colours, and tail variations such as the cow tail and the halfmoon tail. We are also breeding premium Oranda goldfish in different colours that vary from typical goldfish, such as those with a red head and black body. We are also looking into new varieties of flowerhorn, which are extremely popular in Thailand.

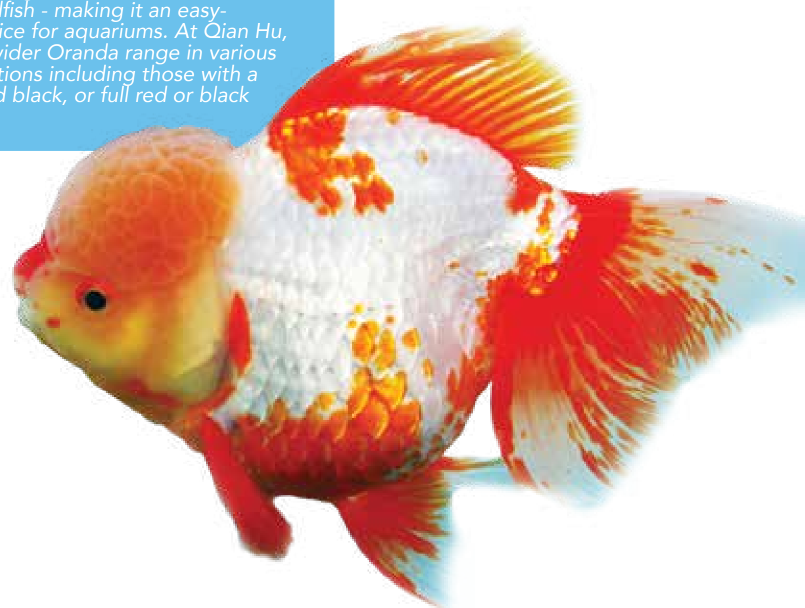
One of the recent trends in Thailand include an increasing number of fish clubs and Facebook Groups with active on-ground communities which are constantly recruiting new users and cultivating new hobbyists, as well as organising fish competitions. As such, our betta fish tanks in Thailand are seeing extremely healthy demand, where smaller types of Ornamental Fish to continue to be very popular.

Also, we have commenced the breeding of mono-sex giant freshwater shrimp in Thailand for our Aquaculture business. Looking ahead, we will work to replicate the efficient farming methods in Singapore which address environmental and cost factors, as well as a better controlled environment and more predictable production outcomes.

Thailand's pet accessories market continued to grow steadily with a rising pool of pet owners. Similar to last year, our cat accessory products are also gaining popularity in Thailand, and there has been an increased demand for cat toys in particular, with an overall increase in sales for all cat accessories.

We also saw a rising demand for pet bird cages this year in line with the current trend of owning parrots. As a result, we have seen growth in the sales of bird cages and large parrot cages in particular.

The Red and White Oranda goldfish is considered to be a more premium, fancy species, while sharing the same peaceful and loving characteristics as the regular goldfish - making it an easy-to-maintain choice for aquariums. At Qian Hu, you can find a wider Oranda range in various colour combinations including those with a red cap, red and black, or full red or black variations.



INDONESIA

In Indonesia this year, we have re-focused on basics due to the ongoing pandemic. The effect of COVID-19 has meant that the export market remains uncertain. As a result, we have worked on developing our local distribution network in Indonesia during this period.

Traditionally, we have seen healthy demand in Indonesia which was mainly focused on larger cities. With Qian Hu's strength being our wide variety of Ornamental Fish from across the world and our strong network, we are leveraging our edge to further expand our network into the smaller cities where we forsee our future growth to be. On top of this, we have been working more closely with the local farms to form partnerships in order to secure stable fish sources for export where possible due to dwindling supplies during the ongoing pandemic.

In line with local Indonesian trends which has been seeing healthy popularity for special breeds of guppy and betta fish, we have been breeding various types of Ornamental Fish varieties such as betta fish and goldfish, and exploring the breeding of new betta fish types such as candy betta, as well as guppies.

We have recently seen an increase in the varieties of fish in line with growing number of hobbyists, as well as a growing number of home breeders in Indonesia. We believe this trend will continue to drive the demand for fish products from P.T. Qian Hu Indonesia.

This year, we also capitalised on opportunities to source wild-caught fish from local fishermen to add to our stock levels, which include species such as the silver arowana. Aside from supporting a trade that is unique to the local Indonesian community, this also allows us to meet the growing demand for wild-caught fish grown in a natural environment, which are seasonal and hence limited in supply.

Moving forward, like in Thailand, we will leverage our efforts and expertise in Singapore to replicate the efficient farming methods of mono-sex giant freshwater shrimp in Indonesia, which we believe yields good potential growth prospects. With our existing technology and know-how in Aquaculture, we believe we are well positioned to compete and will continue to diversify and intensify in this area aside from our focus on our Ornamental Fish business.

Relive your childhood with what we used to catch in the canals! Featuring Qian Hu's wide range of bettas from Thailand and Malaysia, which come in many colours, with the latest Candy betta getting its namesake from its sweet, candy-like colours. Interested hobbyists can even try breeding these fish as Qian Hu also carries female bettas at its farm.

Financial Highlights

	2020	2019	2018	2017	2016
FOR THE YEAR ($'000)					
Revenue	75,233	76,915	85,667	87,824	80,470
Gross profit	25,277	23,511	26,042	26,257	23,739
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	4,937	4,659	3,447	3,046	2,208
(Loss) Profit before tax	(1,121)	1,059	775	761	(10)
Net (loss) profit attributable to owners of the Company (PATMI)	(1,453)	920	402	329	68
Operating cashflow	9,160	6,411	515	6,725	3,076
Capital expenditure	601	1,028	1,824	2,575	2,296
AT YEAR END ($'000)					
Total assets	77,762	79,570	79,807	81,634	77,664
Total liabilities	28,027	27,682	28,999	29,999	27,170
Equity attributable to owners of the Company	47,356	49,394	48,461	48,918	48,545
Net current assets	25,692	24,734	18,725	18,973	22,194
Cash and cash equivalents	19,098	13,784	11,491	11,124	8,723
KEY FINANCIAL RATIOS					
Revenue growth (%)	(2.2%)	(10.2%)	(2.5%)	9.1%	3.2%
Net profit growth (%)	(257.9%)	128.9%	22.2%	383.8%	257.9%
Gross profit margin (%)	33.6%	30.6%	30.4%	29.9%	29.5%
Net (loss) profit margin (%)	(1.8%)	1.2%	0.7%	0.6%	0.4%
Debt-to-equity ratio (times)	0.56	0.53	0.57	0.58	0.54
Return on shareholders' equity (%)	(3.1%)	1.9%	0.8%	0.7%	0.1%
Return on total assets (%)	(1.9%)	1.2%	0.5%	0.4%	0.1%
Dividend payout ratio (%)	(15.6%)	37.1%	56.5%	69.0%	-
PER SHARE INFORMATION (CENTS)					
(Loss) Earnings per share	(1.28)	0.81	0.35	0.29	0.06
Net assets per share	43.81	45.71	44.75	45.48	44.48
Cash per share	16.82	12.14	10.12	9.80	7.68
Dividend per share	0.20	0.30	0.20	0.20	-
MARKET CAPITALISATION ($'MILLION)					
At close of business on the first trading day after the announcement of audited results	23.84	18.16	21.68	24.98	13.85

Revenue
$75.2 million
$76.9 million in 2019

EBITDA
$4.9 million
$4.7 million in 2019

PATMI
$(1.5) million
$0.9 million in 2019

Net Assets per share
43.81 cents
45.71 cents in 2019

Total Assets
$77.8 million
$79.6 million in 2019

Qian Hu is known for breeding the highest quality of purebred Asian arowana since 1989 and currently carries over 750 pieces of Asian arowana in more than 50 ponds. Over the years, our arowana have won many prizes in competitions, and we are always looking for new breeds and strains. Visit our "House of Dragon" area on our farm to see this mystical aquatic creature in the flesh, or check out ***http://www.qianhuarowana.com*** *for more information.*

Value Added Statements

($'000)	2020	2019	2018	2017	2016
Revenue earned	75,233	76,915	85,667	87,824	80,470
less : Purchase of goods and services	(55,842)	(60,025)	(67,432)	(69,028)	(63,968)
Gross value-added from operations	19,391	16,890	18,235	18,796	16,502
Other income	773	3,632	1,637	119	301
Exchange loss	(75)	(41)	(356)	(245)	(15)
Share of losses of associate	-	-	-	(10)	(30)
Total value-added available for distribution	**20,089**	**20,481**	**19,516**	**18,660**	**16,758**
Distribution of Group's value-added:					
To employees					
- Salaries and other related costs	13,246	14,871	14,974	14,499	13,822
To government					
- Corporate and other taxes	556	668	925	763	212
To providers of capital:					
- Interest paid on borrowings	385	586	513	387	339
- Dividends to shareholders	341	227	227	-	227
Retained for re-investment and future growth					
- Depreciation and amortisation	3,726	3,070	2,167	1,895	1,858
- Accumulated (loss) profits	(1,793)	693	175	329	(159)
- Non-controlling interests	132	24	166	220	254
Non-production costs and income:					
- Bad trade receivables writen off	995	377	249	7	44
- Impairment loss (Reversal of Impairment loss) on trade receivables	135	(52)	96	616	178
- Allowance (Write back of allowance) for inventory obsolescence	366	17	24	(56)	(17)
- Impairment loss on brooder stocks	2,000	-	-	-	-
Total distribution	**20,089**	**20,481**	**19,516**	**18,660**	**16,758**

PRODUCTIVITY DATA	2020	2019	2018	2017	2016
Number of employees	547	595	507	551	550
Value added per employee ($'000)	37	34	38	34	30
Value added per dollar of employment cost	1.52	1.38	1.30	1.29	1.21
Value added per dollar of revenue	0.27	0.27	0.23	0.21	0.21
Value added per dollar of investment in property, plant & equipment and brooder stocks	0.41	0.44	0.45	0.46	0.45

Financial Review

STATEMENT OF PROFIT OR LOSS

REVENUE – Decreased marginally by approximately $1.7 million or 2.2% mainly due to reduction in revenue contribution from the Plastic business segment.

Despite better sales generated from the Group's Accessories business, it was offset by the decline in Fish revenue due to the considerable disruptions to the global supply chain which has affected the exports of ornamental and edible fish, as well as the reduction in revenue contribution from the Plastic business due to the loss of a major customer. Improved in revenue from the Accessories segment was attributable to a surge in export business, coupled with the efficiency derived from the consolidation of the Group's China accessories operations.

GROSS PROFIT – Increased by $1.8 million or 7.5% despite the modest reduction in revenue mainly due to higher gross profit margin registered with the differences in sales mix during the financial year. Gross profit margin improved from 30.6% in FY 2019 to 33.6% in FY 2020.

OTHER INCOME – Mainly consisted of handling income of $0.4 million (FY 2019: $3.5 million) derived from the handling of transshipments in relation to the Aquaculture business, which was lower in tandem with the decrease in such Aquaculture business activities in FY 2020.

(LOSS) PROFIT BEFORE TAX – Loss registered for the year under review was mainly due to the recognition of an impairment loss on brooder stocks during the financial year. As the revenue from the sales of certain species of Dragon Fish is expected to be affected by the reduction in production yield and declining selling prices of that species, an impairment loss of $2 million was recognised in FY 2020, being the difference between the estimated recoverable value as compared to the carrying amount.

TAX EXPENSE – The Group reported a loss in FY 2020. The tax expense was mainly in relation to the operating profits registered by the profitable entities.

The effective tax rate registered in FY 2019 were lower than the amount obtained by applying the statutory tax rate of 17% on profit before tax mainly due to tax incentives utilised by the Group during that year.

(LOSS) PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – As a result of loss incurred in FY 2020.

	2020 $'000	2019 $'000	Change %
REVENUE			
- Fish	27,836	29,847	(6.7)
- Accessories	39,315	35,478	10.8
- Plastics	8,082	11,590	(30.3)
TOTAL REVENUE	**75,233**	**76,915**	**(2.2)**
Less : Cost of sales	(49,956)	(53,404)	(6.5)
GROSS PROFIT	**25,277**	**23,511**	**7.5**
Add : Other income	773	3,632	(78.7)
Less : Operating expenses	(27,171)	(26,084)	4.2
(LOSS) PROFIT BEFORE TAX	**(1,121)**	**1,059**	**(205.9)**
Less : Tax expense	(200)	(115)	73.9
(LOSS) PROFIT FOR THE YEAR	**(1,321)**	**944**	**(239.9)**
(LOSS) PROFIT ATTRIBUTABLE TO:			
Owners of the Company	(1,453)	920	(257.9)
Non-controlling interests	132	24	450.0
(LOSS) PROFIT FOR THE YEAR	**(1,321)**	**944**	**(239.9)**

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS – Decreased marginally by $1.8 million or 2.3% as at 31 December 2020.

Decrease in property, plant & equipment was mainly due to the depreciation charge during the financial year, despite there were capital expenditure incurred in relation to the purchase of motor vehicles and on-going enhancements to farm facilities in Singapore and overseas, as well as the recognition of additional right-of-use (ROU) assets in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases.*

Decrease in brooder stocks was due to impairment loss on brooder stocks which arose from the periodic assessment of recoverable amounts based on expected future cash flows from the brooder stocks held.

Decrease in inventory was due to lower fish inventory held as a result of the downsizing of the Dragon Fish activities.

Decrease in trade and other receivables was due to conscientious effort made in the monitoring and collection of trade receivables outstanding during the financial year.

TOTAL LIABILITIES – Increased by $0.3 million or 1.2% as at 31 December 2020.

Increase in trade and other payables was mainly due to increase in payments due to non-trade suppliers.

Decrease in loans and borrowings was mainly due to the settlement of bank term loans during the current financial year. The increase in lease liabilities resulting from the recognition of additional right-on-use (ROU) assets in FY 2020, in accordance with SFRS(I) 16 *Leases*, was substantially offset by the repayment of lease liabilities.

SHAREHOLDERS' FUNDS – Decreased by $2.0 million or 4.1% as at 31 December 2020 was mainly a result of loss attributable to owners of the Company for the financial year, coupled with the payment of dividends to shareholders of the Company in April 2020.

NON-CONTROLLING INTERESTS – Decreased by $0.1 million or 4.6% as at 31 December 2020 as the profit contributions from the non-wholly owned subsidiaries for the financial year was offset by the payment of dividends by one of these subsidiaries and the acquisition of additional interest in a subsidiary from the non-controlling shareholder.

	2020 $'000	2019 $'000	Change %
TOTAL ASSETS	**77,762**	**79,570**	**(2.3)**
- Property, plant and equipment	10,312	11,258	(8.4)
- Intangible assets	7,034	7,187	(2.1)
- Brooder stocks	8,040	10,280	(21.8)
- Inventories (including breeder stocks)	17,292	18,365	(5.8)
- Trade and other receivables	15,986	18,696	(14.5)
- Cash and cash equivalents	19,098	13,784	38.6
TOTAL LIABILITIES	**28,027**	**27,682**	**1.2**
- Trade and other payables	10,589	9,492	11.6
- Tax liabilities	485	382	27.0
- Loans and borrowings	16,953	17,808	(4.8)
Total equity attributable to owners of the Company	**47,356**	**49,394**	**(4.1)**
Total non-controlling interests	**2,379**	**2,494**	**(4.6)**

With their distinctive shape, majestic colours and unique markings, the discus is a popular addition to any freshwater aquarium. The Tiger discus is a good example of this regal specimen, which are best kept in groups as they are known to be shoaling species. At our Qian Hu farm, we offer a wide variety of discus in stunning colours ranging from gold to snow white to blue diamond.

Financial Review (cont'd)

BUSINESS SEGMENT PERFORMANCE

Qian Hu has its main presence in five countries, namely, Singapore, Malaysia, China, Thailand and Indonesia which consists of 15 subsidiaries (collectively known as the "Group") as at 31 December 2020.

The Group has three main business activities - Fish, Accessories and Plastics. For the financial year ended 31 December 2020 ("FY 2020"), the Group recorded revenue of $75.2 million, of which approximately 89% was contributed by the core businesses (Fish and Accessories), while Plastics contributed the remaining 11%. The Fish business accounted for 8% the Group's operating profit (before impairment loss on brooder stocks) compared to 56% from Accessories and 36% by Plastics.

The Terrapin turtle is a semi-aquatic creature, with the ability to live on both land and fresh or brackish water. Qian Hu carries a wide range of accessories at its online shop ***http://www.qianhushop.sg****, such as Reptilepro's magnetic floating platform – a unique floating area that can be partially submerged for easier climbing; as well as a wide range of turtle food under its OF and Classica brands to provide the best care for these hard-backed friends.*

Fish - *includes fish farming, breeding, distribution and trading of ornamental and edible fish/seafood*

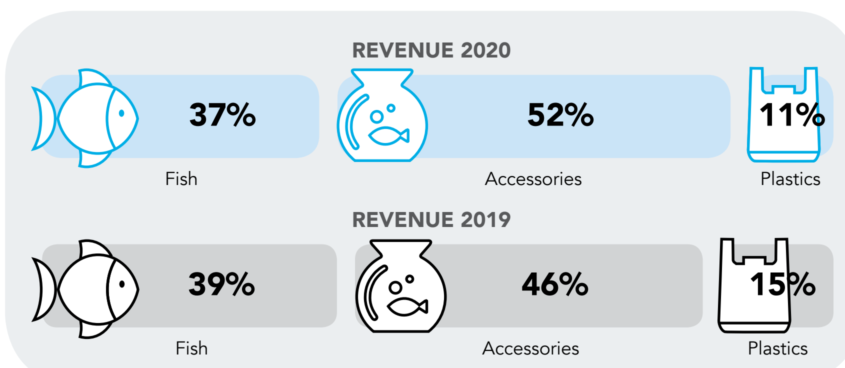
Accessories - *includes manufacturing and distribution of aquarium and pet accessories*

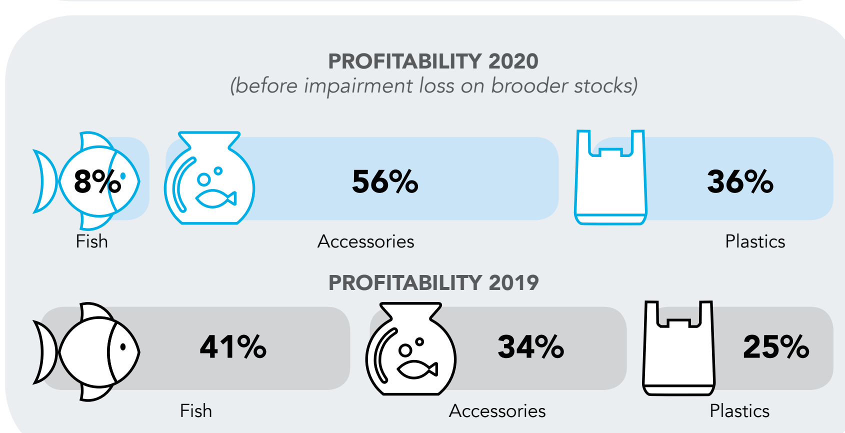
Plastics - *includes manufacturing and distribution of plastic bags*

Others - *includes Corporate Office and consolidation adjustments which are not directly attributable to a particular business segment above*

	Fish	Accessories	Plastics	Others	Total
FY 2020					
Revenue	27,836	39,315	8,082	-	**75,233**
Profit (loss) before tax *(before impairment loss on brooder stocks*)*	302	1,996	1,268	(2,687)	**879**
(Loss) Profit before tax	(1,698)	1,996	1,268	(2,687)	**(1,121)**
FY 2019					
Revenue	29,847	35,478	11,590	-	**76,915**
Profit (loss) before tax	1,857	1,516	1,135	(3,449)	**1,059**

* As the revenue from the sales of certain species of Dragon Fish is expected to be affected by the reduction in production yield and declining selling prices of that species, an impairment loss of $2 million was recognised in FY 2020, being the difference between the estimated recoverable value as compared to the carrying amount.





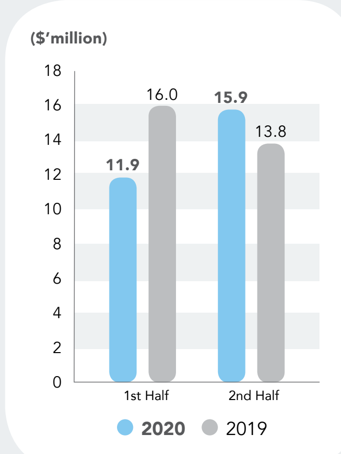
FISH

The Group engages in the total ornamental fish process, which includes import, export, breeding, quarantine, conditioning, farming, wholesales and distribution activities. Through its distribution hubs in Singapore, Malaysia, China, Thailand and Indonesia, Qian Hu exports over 1,000 species and varieties of ornamental fish directly to more than 80 countries and cities as well as distributes to domestic retailers and exporters, reinforcing Singapore's premier reputation as the Ornamental Fish Capital of the World.

REVENUE

The Fish export business is very dependent on the operations and availability of air cargo, and with the extensive reduction of capacity and flight frequencies during the pandemic, it was severely affected. Similarly, the Aquaculture business, revolved around the farms in the Hainan Province in China, was also impacted by the lockdown in China which dampened domestic demand and depressed fish fry prices. As such, the Fish revenue dived during the 1st half of 2020.

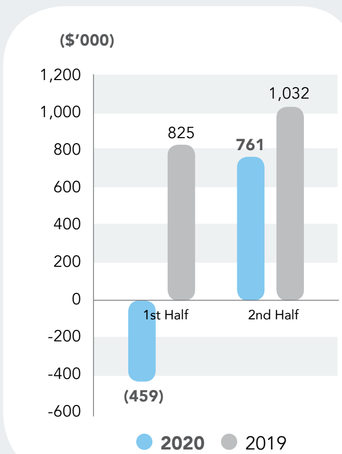
Following the lifting of border restrictions and the gradual resumption of air traffic since July 2020, there was a recuperation of revenue from this business segment with a stable flow of customers' orders. The resilience in the demand for fish had resulted in the elevation in Fish revenue registered in the 2nd half of 2020.



PROFITABILITY

(before impairment loss on brooder stocks)

The shrink in operating profit derived from the Fish business was a result of the lower revenue contribution in FY 2020, coupled with the difference in sales mix recorded in both financial years. In addition, there was lower handling fees derived from the handling of transhipments in relation to the Aquaculture business.



Financial Review (cont'd)

BUSINESS SEGMENT PERFORMANCE

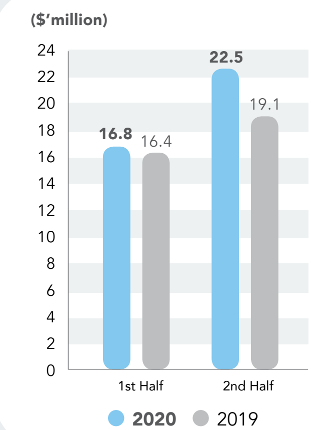
ACCESSORIES

The distribution of accessories complements the ornamental fish operations by providing a "one-stop" shop to meet customers' aquarium needs. The Group distributes more than 3,000 types of aquarium and pet accessories of our own proprietary brands and for more than 10 major manufacturers and principals to local retailers and wholesalers mainly in Asia and Singapore.

In addition, since 2004, Qian Hu started penetrating the retail market with a chain store concept, "*Qian Hu -- The Pet Family*", with which it intends to professionalise a highly fragmented niche market into a mass market industry. It has retail stores in Malaysia, China and Thailand. All the retail stores sell both ornamental fish and related aquarium & pet accessories while some stores also provide pet grooming activities.

REVENUE

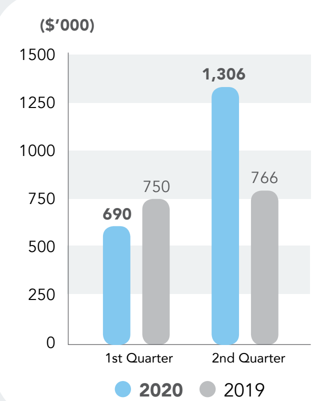
The improved revenue registered by the Accessories business in FY 2020 was mainly due to the increase in revenue from the export business as the Group continued to leverage on its existing distribution bases & network and infrastructure available to explore more untapped markets. In addition, the efficiency derived from the consolidation of the China Accessories operations, coupled with the newly acquired Guangzhou factory in December 2019 has given rise to the steady growth in Accessories revenue in FY 2020.



PROFITABILITY

The higher profit derived from the Accessories segment was in line with the improved revenue contribution in FY 2020 due to reasons as mentioned above.

The difference in sales mix, as well as the conscientious efforts made to capture more markets through the selling of more proprietary brand of innovative products which turned in better margins.



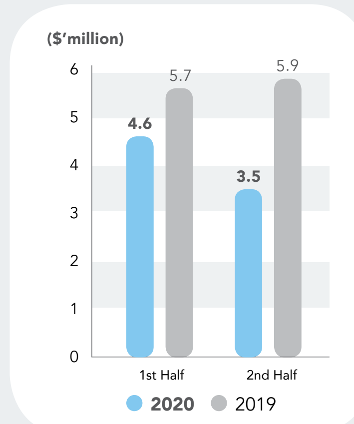
Tetras and neon tetras are a staple in every freshwater aquarium, bringing instant pops of colour and vibrancy to any tank with their energetic yet graceful movements. As they are relatively easy to care for, tetras are one of the most popular range of fish for beginners and amongst fish keepers. A perennial favourite at Qian Hu, we carry many unique types at our farm, such as the Albino Neon tetra, the Brilliant Black Neon tetra and the Green Neon tetra.

PLASTICS

As an ancillary business, the Group manufactures plastic bags for its own use in the packing of ornamental fish for sale in a separate factory located in Woodlands. The plastic bags are also supplied to third parties in the ornamental fish, food, electronics and healthcare industries.

REVENUE

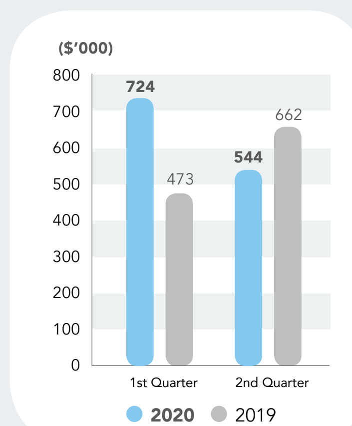
Amidst the crisis, the Group's Plastics business benefited from the increased demand for plastics products as they were considered essential items used to enhance hygiene protocols, especially for food and beverage packaging, as well as in healthcare products and services. This was in spite of losing a major customer in FY 2020, which drove down the revenue contribution from the Plastics segment.



PROFITABILITY

The Group managed to focus on generating revenue through selling products with sustainable margins instead of entering price war with its competitors.

Despite lower revenue generated from the Plastic business, the difference in sales mix recorded, as well as the stable selling prices of the plastic products, had resulted in the improved profit margins in FY 2020.



Financial Review (cont'd)

CAPITAL MANAGEMENT

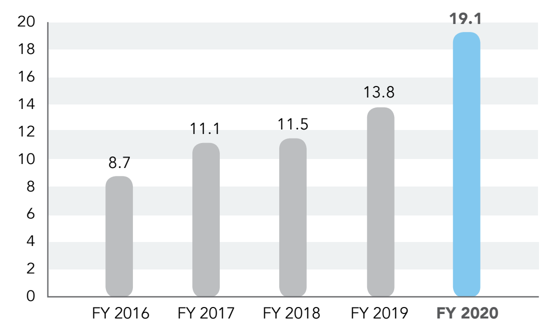
The Group maintains a strong balance sheet (Statement of Financial Position) and an efficient capital structure to maximise returns for shareholders. The Group has sufficient cash and cash equivalents and an adequate amount of standby credit facilities. The funding of working capital requirements and capital expenditure is through a mix of short-term money market borrowings and long-term loans.

As at 31 December 2020, credit facilities in the form of short-term loans, bank overdrafts, letter of credit and other banking facilities provided by major banks to the Group amounted to approximately $25.7 million (31/12/2019: $27.7 million) of which approximately $14.1 million (31/12/2019: $15.2 million) was utilised.

CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents increased by approximately $5.3 million in FY 2020 to $19.1 million as compared to approximately $13.8 million a year ago.

CASH AND CASH EQUIVALENTS ($'million)



The movements in cash and cash equivalents during both financial years are set out as follows:

The improvement in **net cash from operating activities** in FY 2020 as compared to the corresponding period in 2019 was mainly due to lower inventory held and the realisation of receivables into cash during the year. In addition, we were able to better manage our cash flow by extending our credit terms with our regular suppliers for purchases made.

Net cash used in investing activities was mainly related to capital expenditure incurred in relation to the purchase of motor vehicles and equipment, coupled with on-going enhancements to farm facilities in Singapore and overseas.

Net cash used in financing activities in FY 2020 was for the settlement of bank loans and lease liabilities, cash consideration for the acquisition of additional interest in a subsidiary, payment of dividend to the non-controlling shareholder of a subsidiary, as well as the servicing of interest payments on a monthly basis. In addition, there was payment of dividend made to the shareholders of the Company in April 2020.

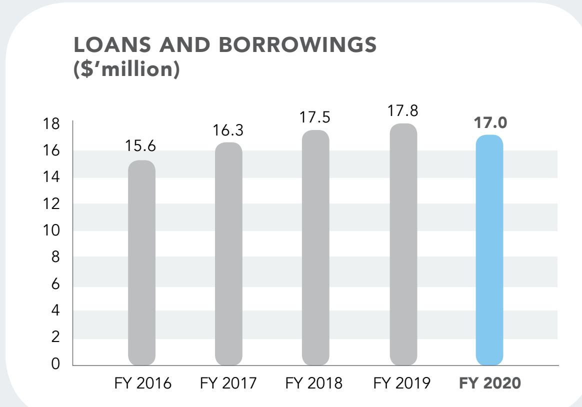
	2020 $'000	2019 $'000
Net cash from operating activities	9,160	6,411
Net cash used in investing activities	(347)	(687)
Net cash used in financing activities	(3,526)	(3,462)
Net increase in cash and cash equivalents	5,287	2,262
Cash and cash equivalents as at end of year	**19,098**	**13,784**

LOANS AND BORROWINGS

The Group borrows from local and foreign banks mainly in the form of short-term loans.

The Group is in compliance with all borrowing covenants for the financial year ended 31 December 2020.

As at 31 December 2020, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately $1.7 million (31/12/2019: $1.7 million).



The amounts of Group's borrowings for both financial years are as set out below:

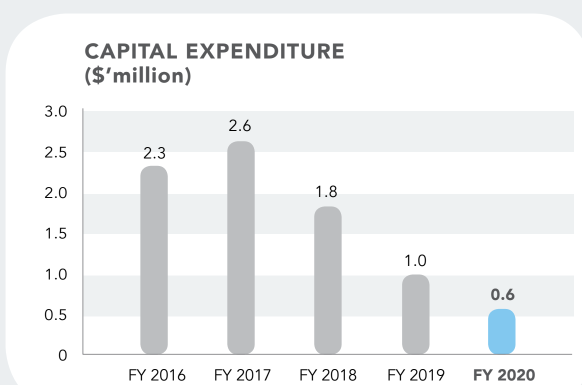
The weighted average effective interest rates relating to **bills payable to banks** is 3.18% (31/12/2019: 5.03%) per annum. These bills mature within one to four months from the reporting date.

The unsecured **short-term loans** are revolving bank loans that bear interest at rates ranging from 1.19% to 1.34% (31/12/2019: 2.71% to 2.95%) per annum and are repayable within the next 12 months from the financial year end.

	2020 $'000	2019 $'000
Current liabilities:		
Bills payable to banks (unsecured)	82	185
Lease liabilities	1,598	1,123
Short-term bank loans (unsecured)	14,000	15,000
	15,680	16,308
Non-current liabilities:		
Lease liabilities	1,273	1,500
Total borrowings	**16,953**	**17,808**

CAPITAL EXPENDITURE

In FY 2020, the capital expenditure incurred were mainly related the purchase of motor vehicles and equipment. In addition, there were on-going enhancement to infrastructure and farm facilities in Singapore so as to enhance operational efficiency.



Financial Review (cont'd)

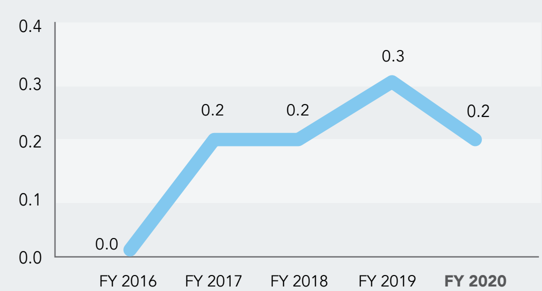
SHAREHOLDERS' RETURNS

It has been Qian Hu's priority to achieve long-term capital growth for the benefit of the shareholders. The bulk of its profits, when made, shall therefore be retained for investment into the future. Nevertheless, the Company recognises the desire of some of its shareholders to receive income out of their investment in the Company. Therefore, the Company strives to distribute, year after year and when its cash flow permits, an appropriate sum of dividends to reward its shareholders for their loyalty and support for the Company over the years.

Qian Hu has formalised its dividend policy to provide a return to shareholders at least once a year through the payment of dividends. It aims to pay a sustainable and growing dividend over time, consistent with long-term growth prospects. The form, frequency and amount of dividends declared each year take into consideration the Group's financial performance, cash flow generation, projected capital requirements for business growth, general global economic conditions and other relevant factors as the Directors may deem appropriate, so as to ensure that the best interests of the Company are served.

The Company paid a final cash dividend of 0.3 Singapore cents per ordinary share for the financial year 2019. For the financial year ended 31 December 2020, the Directors are pleased to declare a final dividend of 0.2 Singapore cents per ordinary share (one-tier tax exempt), despite registering losses arose from the impairment loss on brooder stocks. The proposed dividend, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 29 March 2021, will be paid out on 26 April 2021.

DIVIDEND PER SHARE (CENTS)



*Freshwater pufferfish are Qian Hu's latest addition to its family. Pufferfish such as Mbu pufferfish, commonly known as Giant Puffer or Giant Freshwater Puffer are chubby yet cute looking fish that are found worldwide. They can be a challenge to keep but they are very rewarding for fishkeepers, particularly experienced ones. Check them out at our Qian Hu Fish Gallery or join us on our Telegram channel at **https://t.me/qianhucorporation** to learn more about freshwater pufferfish and how to successfully care for them.*

Awards & Accolades

BUSINESS EXCELLENCE

Singapore Quality Awards
– 2004 & 2009: Awarded by SQA Governing Council, SPRING Singapore

People Developer Standard
– 2006: Awarded by SPRING Singapore

Professional Enterprise Award
– 2007: Awarded by Asian Management Association and Certified Consultant Academy

SQC Innovation Class
– 2008: Awarded by SPRING Singapore

Pro-Family Business Mark Certification
– 2008: Awarded by Singapore Productivity Association

People Excellence Award
– 2009: Awarded by SQA Governing Council, SPRING Singapore

Global Performance Excellence Award
– 2011: Awarded by Asia Pacific Quality Organisation – Best in Class 2011 (Small Service Organisation)

Singapore Sustainability Awards
– 2012: Awarded by Singapore Business Federation – Top Honours (Small & Medium Enterprise)

Service Excellent (Silver Award)
– 2012: Awarded by SPRING Singapore

Midas Touch Asia Enterprise Award 2013
– 2013: Awarded to enterprises in Asia Pacific which have the potential for exponential growth in the next decade

Innovation Excellence Award
– 2013: Awarded by SQA Governing Council, SPRING Singapore

SBR Listed Companies Awards 2015
– 2015: Awarded by the Singapore Business Review – Winner in Agriculture category

Note:

The Standard, Productivity and Innovation Board (SPRING Singapore) has merged with International Enterprise (IE) Singapore to form Enterprise Singapore in April 2018.

GOVERNANCE & TRANSPARENCY

Singapore Corporate Awards
Companies with less than $500 million in market capitalisation
– 2006: Best Annual Report – Gold
Best Investor Relations – Gold
– 2008: Best Managed Board – Merit

Companies with less than $300 million in market capitalisation
– 2009: Chief Financial Officer of The Year – Ms Lai Chin Yee;
Best Managed Board – Merit
Best Investor Relations – Bronze
Best Annual Report – Gold
– 2010: Best Managed Board – Gold
– 2011: Best Investor Relations – Gold
– 2012: Best Annual Report – Gold
– 2013: Best Managed Board – Bronze
– 2014: Best Investor Relations – Gold
– 2015: Best Annual Report – Gold
– 2018: Best Annual Report – Gold

SIAS Most Transparent Company Award
– 2001 & 2002: Winner in SESDAQ & Small Caps category
– 2003: Winner in Services/Utilities/Agriculture category & Golden Circle Special Merit Award
– 2004: Winner in Mainboard Small Caps category & Runner-up in Services/Utilities/Agriculture category
– 2005 & 2006: Runner-up in Mainboard Small Caps category
– 2007 to 2011: Winner in Mainboard Small Caps category
– 2015: Runner-up in Food and Beverages category

SIAS Singapore Corporate Governance Award
– 2013: Merit in Small Caps Category
– 2017: Runner-up in Small Caps Category
Runner-up in Consumer Discretionary Category

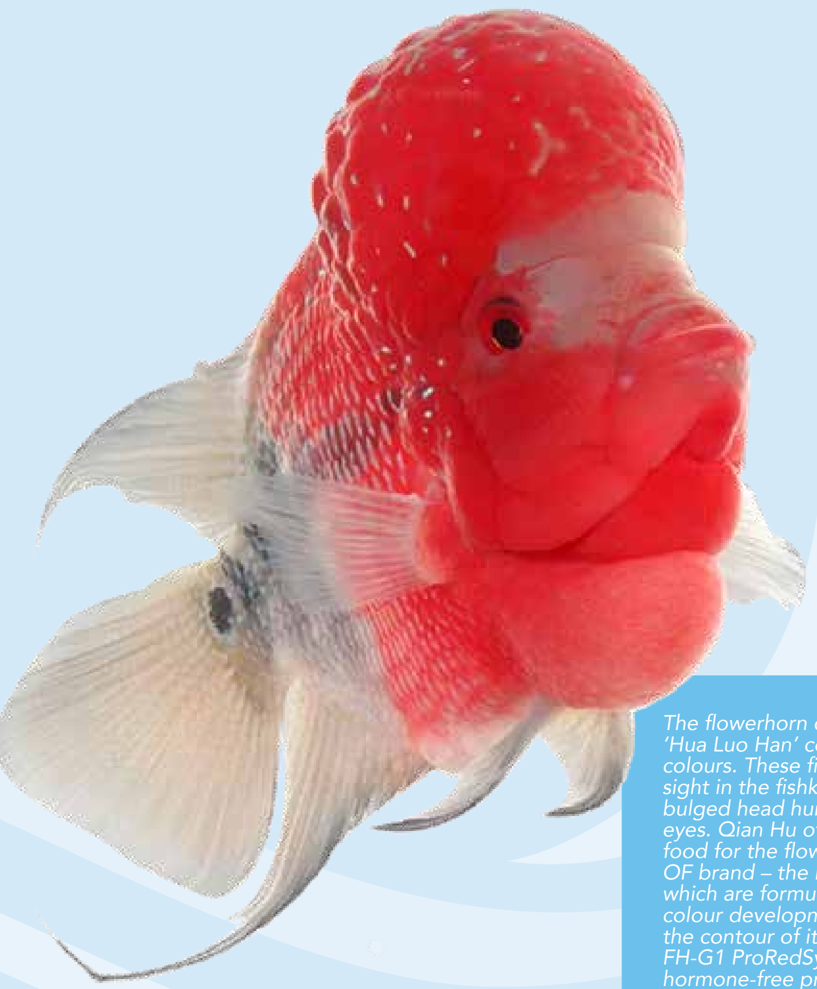
Business Times' Corporate Transparency Index (CTI)
– 2002, 2004 to 2008: 1st Position

Best Managed Board Award
– 2003: Special Mention

IR Magazine Southeast Asia Awards
Small or Mid-Cap category
– 2007: Grand Prix for Best Overall Investor Relations – Winner
Best Corporate Governance – Winner
Best Financial Reporting – Highly Recommended
Most Progress in Investor Relations – Highly Recommended

Sustainability at Qian Hu

CONTENTS



*The flowerhorn cichlid or better known as 'Hua Luo Han' comes in a wide variety of colours. These fish present the most iconic sight in the fishkeeping world with their bulged head hump and deeply rooted eyes. Qian Hu offers a specialised range of food for the flowerhorn species under its OF brand – the FH-G1 ProRedSyn pellets which are formulated to improve both the colour development in the flowerhorn and the contour of its hump. Most importantly, FH-G1 ProRedSyn is a guaranteed hormone-free product that uses only the finest ingredients, available on **http://www.qianhushop.sg**.*

Report Scope

OVERVIEW

Qian Hu has been a pioneer in reporting on our sustainability efforts since as early as 2012 when we published our very first sustainability report.

Our tenth report this year remains anchored on our belief in improving lives through long-term sustainable initiatives, where we address the activities, data and measurements, where applicable, that fall within our financial year of reporting – 1 January to 31 December 2020. Our Sustainability Report 2020 (or the "Report") covers our markets of operations: Singapore, Malaysia, China, Thailand and Indonesia unless otherwise stated. All figures are represented in Singapore dollars.

Guidelines & Methodology

The Report covers our performance with respect to the identified Economic, Social and Governance ("ESG") factors which are material to our Group.

It has been prepared based on the GRI Standards: Core Option and is also in compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B and the SGX-ST's Sustainability Reporting Guide. The GRI Standards Content Index is contained on pages 88 to 90 of this Annual Report, indicating the location of the applicable disclosures within the Report.

Reporting Principles

Principle 1 - Stakeholder Inclusiveness
Identifies Qian Hu's key stakeholders, engages them and responds to their reasonable feedback and interests.

Principle 2 - Sustainability Context
Presents Qian Hu's performance in the wider context of sustainability.

Principle 3 - Materiality
Covers topics that reflect Qian Hu's significant economic, environmental, and social impact.

Principle 4 - Completeness
Includes coverage of material topics to Qian Hu with significant economic, environmental and social impact, so stakeholders can assess our performance in the reporting period.

Assurance

This Report is not externally assured. We relied on our internal verification mechanisms to validate the accuracy of reporting. Our Financial Statements have, however, been independently audited. We plan to seek assurance in future as we adopt a phased approach to our reporting with progressive improvements to our reporting process meanwhile.

Feedback

We welcome your feedback, views and suggestions on our sustainability performance. All queries can be addressed to feedback@qianhu.com.

MESSAGE FROM THE BOARD

This is our 20th year as a listed company, marking a significant milestone in how we have played our part as a corporate citizen. Likewise, there is no exception when it comes to contributing to the wider community at large; we continue to do our part to give back through our outreach efforts, environmental awareness and a set of robust sustainability practices. Backed by steady financial performance, providing the best products and services to our customers, as well as adding value to our shareholders – sustainability forms an integral part of our organisation and is always top-of-mind.

Our Sustainability Report 2020 summarises the Group's progress on material issues in the past year, complies with the relevant SGX-ST's Listing Rules and Sustainability Reporting Guide and uses the internationally accepted GRI Standards as a reporting framework. Our commitment to reporting on sustainability issues dates back to FY 2011, and this edition marks our fourth Sustainability Report prepared in accordance with the SGX-ST Listing Rules. We have also further complied with the SGX-ST's Sustainability Reporting Guide with improvements to our report since February 2018, providing descriptive and quantitative information on how our businesses are conducted and how our ESG factors are being managed for a sustainable future.

2020 has undoubtedly been a challenging year with the COVID-19 pandemic causing disruption to businesses and supply chains globally. Nevertheless, on a sustainability front, we remain guided by attentiveness to stakeholders needs, identification of key ESG factors and adherence to the sustainable framework we have put in place to track our progress.

In line with our corporate vision and mission, Qian Hu endeavours to continue to deliver long-term value to all our key stakeholders while progressing our sustainability goals.

Sincerely,
Board of Directors
Qian Hu Corporation Limited

Our Approach & Strategy

GOVERNANCE STRUCTURE

We have established a dedicated governance framework to drive, govern and manage the sustainability function to ensure that core material issues are incorporated into our corporate agenda. This structure drives our priorities to protect the long-term interests of our shareholders and create value for Qian Hu and its stakeholders.

Our Sustainability Reporting Team forms the core of our sustainability structure and is made up of a representative from each of our operating entities in Singapore, Malaysia, China, Thailand and Indonesia. This team is managed by our Executive Chairman/CEO who reports to the Board of Directors. The team is actively involved in driving the operations, reporting and implementation of our sustainability strategy and programmes in their respective entities.

This includes collaborating on sustainability initiatives and sharing sustainability best practices across the Group as well as overseeing the monitoring of quantitative and qualitative measurements, setting sustainability performance benchmarks and key performance indicators and working closely with other business functions, namely, operations, human resource, and procurement in the Group's sustainability efforts and the development, execution and reporting of the Group's sustainability programme.

The Board of Directors has the ultimate responsibility for the Group's sustainability strategy and reporting and maintains oversight of the Group's sustainability direction. The Board is kept apprised of sustainability programmes, activities and progress regularly, and reviews the sustainability strategy annually. The strategy is also reviewed against the overall business strategy, taking into consideration prevailing trends, economic conditions and geopolitical issues which may affect the Group.

DEFINING MATERIAL ISSUES

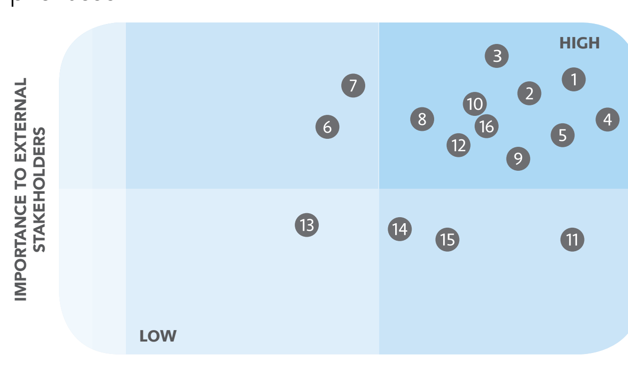
To identify the key material factors material to our Group, we considered those that would have the greatest impact on our operations, stakeholders and the environment around us.

We have undertaken the materiality assessment through the following approach:

1. **Identify:** the Sustainability Project Team identified the material ESG factors based on their knowledge of the respective business areas, industry challenges and impact on the Group's businesses.
2. **Prioritise:** the material ESG factors were prioritised through analysis of our internal operations, consultation with key personnel in various business divisions to harness their collective expertise and researching and reviewing industry trends and forecasts.
3. **Validate:** we re-examined and analysed the significance of the material impacts and their outcomes on our business, stakeholders and the community at large.
4. **Review:** we sought feedback from stakeholders through our day-to-day engagements and consultation with them to establish the direction for sustainability reporting.

The materiality assessment is endorsed by the Board of Directors. The prioritisation of the material issues is reviewed yearly in the context of the prevailing global, economic, and business conditions. The identified material issues and their prioritisation has seen a greater emphasis on our Supply Chain Management in this year's report.

The following are the material factors identified and prioritised:



1	Corporate Governance	**9**	Economic Performance
2	Anti-Corruption	**10**	Product Health Management
3	Risk Management	**11**	Innovation
4	Employee Engagement	**12**	Workplace Safety
5	Customer Satisfaction	**13**	Community Involvement
6	Human Rights	**14**	Non-Discrimination & Diversity
7	Stakeholder Dialogue	**15**	Training & Education
8	Environment Management	**16**	Supply Chain Management

ENGAGING STAKEHOLDERS

In order to ensure that our business interests are aligned with those of our stakeholders, we regularly engage with them through various medium and channels. This helps us understand and address their concerns, while improving our own service and product standards and business operations for long-term growth and sustainability.

Our stakeholders have been identified as those who are impacted by our business and operations and those who similarly are able to impact our business and operations. Six of these stakeholder groups have been assessed and identified according to their significance to our operations, namely, suppliers, customers, employees, community, investors and regulators.

Our stakeholder issues and engagement platforms are outlined below:

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS
Suppliers	• Product quality assurance • Product pipeline • Supply chain management	• Suppliers' Code of Conduct • Monthly supplier visits / meetings • Quarterly review meetings
Customers	• Customer satisfaction • Quality products and services • Available feedback platforms • Sustainability efforts	• Annual customer satisfaction survey • Farm visits • Product training • Qian Hu's owned websites • Qian Hu's social media platforms e.g. Facebook, YouTube • Feedback handling through emails / phone calls
Employees	• Benefits and remuneration • Employee engagement • Talent retention and career progression • Employee safety and well-being • Training and development	• Quarterly staff dialogue and sharing sessions • Mobile chat groups • Closed group on Facebook's 'Workplace' platform • Regular floor walks • Bi-annual "Fish Matrix" newsletter • Annual employee opinion survey • Whistle blowing policy • Employee appraisal • Internal and external trainings
Community	• Doing our part as a corporate citizen	• Educational farm tours • Employee community programmes and initiatives • Business community interaction and sharing sessions
Investors	• Financial performance and stability • Long-term growth plans • Business diversification • Operational efficiency • Regulatory compliance • Risk management • Corporate governance • Sustainability efforts	• Dedicated Investor Relations website • Half-yearly financial results announcements • Analyst & media financial results briefing, media releases and presentation slides • Media interviews • 1-on-1 meetings • Annual General Meeting ("AGM") • Detailed AGM minutes available online
Regulators	• Compliance with laws and regulations • Anti-corruption and bribery	• Develop and maintain relationships and communication channels with government agencies and regulators across different business aspects • Regular meetings with Animal & Veterinary Service (a cluster of National Parks Board) and Singapore Food Agency on statutory requirements and new developments in the ornamental fish sector as well as food safety and security issues

** Due to the ongoing safe management measures amidst the COVID-19 situation, all engagement activities will only be carried out under appropriate regulatory guidelines.*

Our Focus, Commitments & Targets

Following the identification of our material factors and key stakeholders, we have mapped out our sustainability priorities and their boundaries, impact to stakeholders, current performance and commitments and targets in the table below.

We aspire for our businesses to have a positive impact on the environment at large, while managing the Group's risk, leveraging opportunities and ensuring long-term financial soundness. We are committed to setting and achieving measurable targets and goals through a consistent approach to our reporting.

FOCUS	IMPACT TO STAKEHOLDERS	2020 PERFORMANCE	COMMITMENTS & TARGETS
Environmental Initiatives • Energy Consumption • Water Management • Recycling & Reuse of Materials	Applies to Qian Hu's operations in Singapore and overseas where our Fish (including Aquaculture), Accessories and Plastics activities have definite impact on the environment. Issues ranging from environmental management to efficiency, reuse and conservation are key issues to all our stakeholders.	• Exceeded water and energy utilisation targets set in 2016 and its corresponding intensity (see page 46 and 47 of this Annual Report for further details)	• Reduce water and energy use intensity by 10% by Year 2025 using Year 2020 as a baseline
Supply Chain Management • Engaging Our Suppliers • Customer Satisfaction • Product Health Management • Driving Innovation	Applies across Qian Hu's business operations in Singapore and overseas. While our products are designed to be reliable and of certain quality, we are also committed to upholding standards in animal welfare and sourcing our materials in a socially responsible manner. Our ability to innovate also translates to how we manage the continuity of Qian Hu's business in a responsible manner towards all our stakeholders.	• Customer satisfaction score of 4.45 (2019: 4.21) • 14 (2019: 10) new accessories products launched	• Continued to enhance customer satisfaction level with improved service and quality products • 10 to 12 products developed per year • Uphold highest standards of customer data privacy protection • Drive responsible business practices across the supply chain
Labour Practices & Conducive Workplace • Anti-Corruption • Upholding Human Rights • Non-Discrimination & Diversity • Workplace Safety • Employee Engagement • Training & Education	Fair and merit-based employment practices are important to our employees, investors, regulators, and community as they affect our ability to attract, retain, and develop talents under the direct hire of Qian Hu's offices and operations in Singapore and overseas. As a small-medium enterprise, business continuity, workplace safety and how we innovate are amongst the highest concerns to our stakeholders.	• Employees satisfaction score of 4.63 (2019: 4.58) • No incident of corruption and fraud • No incident of whistle blowing • 16 hours of training hours per employee • Employees' average monthly turnover rate – see page 58 of this Annual Report • Zero fatalities and workplace accidents reported	• Clear employees' rights set out in Staff Handbook distribute to all employees • Improvement in employees satisfaction score over the years • "Zero-tolerance" on corruption and fraud • Whistle blowing procedures • Average of 4 training days per employee per year • Turnover rate below industry average rate • Zero fatalities and workplace accidents across business operations in all markets
Stakeholder Engagement • Stakeholder Dialogue • Community Involvement	Our business is service-centric. An open, constant flow of communication using relevant platforms is important in all aspects of our operations, and applies to all our stakeholder groups. Building partnerships with our stakeholders and community contributes to Qian Hu's social licence to operate and is also relevant to many of our stakeholders.	• 69 hours (2019: 168 hours) in community involvement by employees • There was no analyst and media briefing held for FY 2020 full-year financial results due to the ongoing safe management measures amidst the COVID-19 situation	• Ensure all communications platforms are clearly set out and are available • Increase percentage of employee participation in community initiatives • Analyst and media briefings in conjunction with the release of the Group's full-year financial results
Corporate Governance • Corporate Governance • Risk Management	Applies across Qian Hu's business operations in Singapore and overseas. Compliance with legislation as well as national and international standards of corporate governance, anti-corruption, risk management, environmental, safety, product, and social responsibility. These are issues of interest to all our stakeholders.	• Results released on 17 July 2020 (1H 2020) and 12 January 2021 (FY 2020) • No incident of legal non-compliance	• Commitment to release financial results - No later than 20 days from the half-year end (unaudited results) - 15 days from the financial year end (audited results) • Continuous strengthening of the enterprise risk management framework
Economic Performance • Financial Strength • Value Added Performance	All our internal and external stakeholders look to Qian Hu to deliver on financial performance, as well as our value added contribution to the societies and communities we operate in.	• Group revenue – $75.2 million (2019: $76.9 million) • EBITDA – $4.9 million (2019: $4.7 million) • (Loss) Profit attributable to owners of the Company - $(1.5) million (2019: $0.9 million) • (Loss) Earnings per share – (1.28) cents (2019: 0.81 cents) • Net assets per share – (43.81) cents (2019: 45.71 cents) • Final dividend of 0.2 cents per share – totaling approximately $227K (2019: 0.3 cents) (see page 30 to 38 of this Annual Report for further details)	• Revenue and profit growth • New business initiatives • Sustainable dividend payout • Prudent capital management

Environmental Initiatives

ENVIRONMENTAL COMPLIANCE

We strive to minimise the impact our businesses have on the environment by proactively seeking to implement practices that will lead to the sustainable use of resources while preserving the natural balance. We are focused on doing our utmost to address environmental issues related to our business activities alongside economic performance.

Since 1998, Qian Hu has been complying with the regulatory requirements of the ISO 14001:2015 certified Environmental Management System, which provides guidance on the management of key environmental aspects in our business such as recycling of our natural and reusable resources in our daily activities of fish breeding, nurturing, retailing, trading and export.

We are also committed to comply with environmental regulations set out by local governing authorities - the National Environment Agency, the National Parks Board and the Singapore Food Agency, etc. We constantly monitor, evaluate and audit our Environmental Management System, and ensure that we are at the forefront of ISO standards for environment management. We also adhere to other environmental standards such as CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) and the ISO 9001:2015 for Quality Management System.

Our aim is to balance our economic interests with environmental concerns, and this is especially relevant for our businesses. We are mindful that certain of our products come from nature and the processes we carry out have an impact on the environment. We recognise our ability to carry out some of our core business activities would not be possible without the natural resources around us, and our priority is to help preserve this environment.

Our feedback channel: feedback@qianhu.com is an open avenue for the public to make enquiries or lodge feedback with respect to any environmental or other matters.

REDUCE, RECYCLE AND REUSE

At Qian Hu, we look into reducing wastage through recycling and reuse of material with a waste management programme to track wastage, pursue recycling initiatives and minimise the use of environmentally unfriendly materials. Our subsidiaries also implement their own initiatives to recycle and reuse material.

Singapore employees are encouraged to sort waste according to material type such as papers, cartons, cans and plastics by placing them in appropriate bins to aid the recycling effort. We are always exploring environmentally sustainable packaging to styrofoam for fish transportation, as well as new types of alternative packaging which would help to minimise our carbon footprint.

In Thailand, used plastic bags from the fish sourcing centres are sent back to the farms to be used again, reducing the incidence of single use plastics. Similarly, in Malaysia, recycling of carton boxes and paper bags is actively practised.

Our subsidiary, Qian Hu Tat Leng Plastic Pte Ltd, manufactures high- and low-density polyethylene bags across a wide range of commercial and industrial sectors. During manufacturing, cut-out plastic wastage is collected and sent to a third-party for recycling, where the recycled plastic resin is then added back to the manufacturing mix, cutting a tremendous amount of wastage. In FY 2020, 140 tonnes of plastic wastage was recycled, a marginal improvement from 138 tonnes recycled in FY 2019.

Environmental Initiatives (cont'd)

WATER MANAGEMENT

Water is one of the most used natural resources in Qian Hu's business, and as such, our focus has always been on finding ways to reduce and reuse water to minimise wastage. We are progressively working on our long-term goal to operate an integrated closed-loop water recycling system, where we will be able to recycle all the water used in our operations.

In recent years, we have achieved substantial improvements in our water reduction and reuse efforts, clearly reflected in our water use intensity figures. Our Multi-Tier Automated Recirculation Holding Tank System, introduced as part of our Environmental Management System which enables water to be recycled during the fish quarantine phase, has been installed in the various farms across our operations.

The system, which is a multi-step filtration device, breaks down and rapidly removes bio-load, followed by an ultraviolet steriliser to further remove waterborne pathogens.

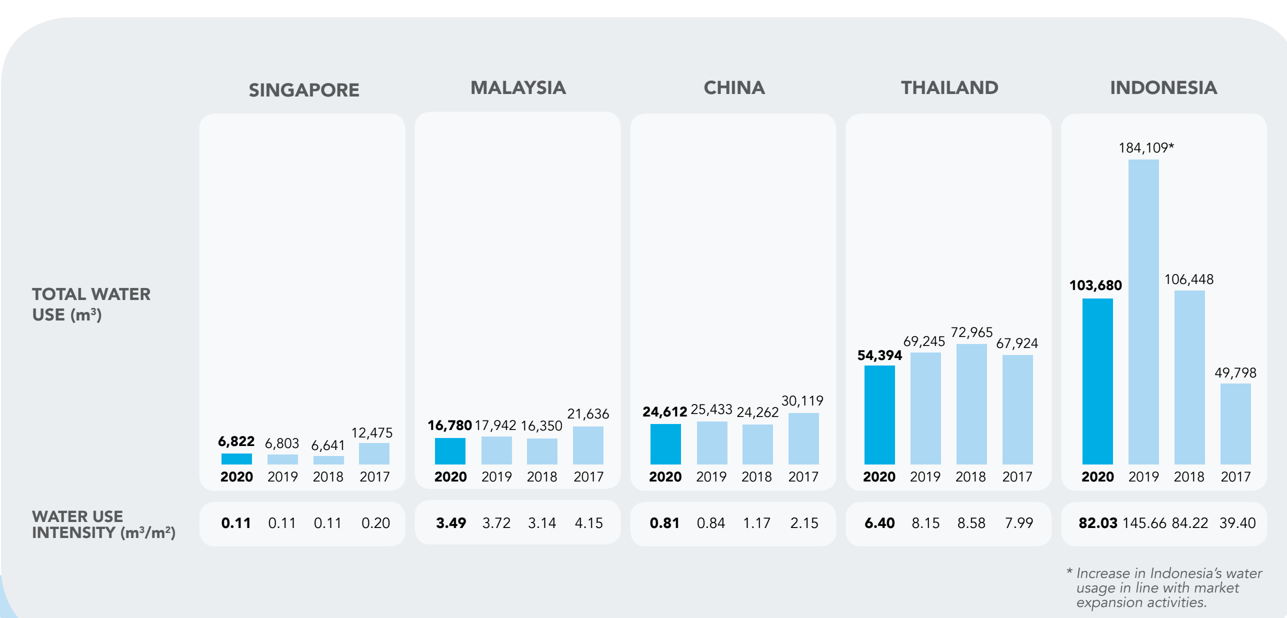
This not only ensures that we eliminate the need to change water daily to reduce the ammonia build-up in the tanks, but also recycles water whilst maintaining the health of our fish – hence, balancing our environmentally sustainable practices with our business objectives of producing high quality fish for distribution.

Aside from a significant reduction in water usage, the system also enables energy savings as minimal maintenance is needed for the tanks. In FY 2020, we have reduced the amount of wastewater discharged by 7%, decreasing the release of waste and effluents into the environment as a result.

This year, over 95% of our water consumption was from recycled water that is channelled from our in-house rainwater catchment areas built within our farms.

In addition, since FY 2018, we have installed a new water treatment system for the water storage tanks in Singapore. Using a bacterial nitrification process to reduce the water ammonia and nitrate levels and also increase the dissolved oxygen to improve water quality, we are enjoying more efficient use of stored water at our local facility. With this, we have also been able to reuse water after it has been treated, reducing our water usage by about 30%.

ENVIRONMENTAL PERFORMANCE INDICATOR – WATER



** Increase in Indonesia's water usage in line with market expansion activities.*

ENERGY CONSUMPTION

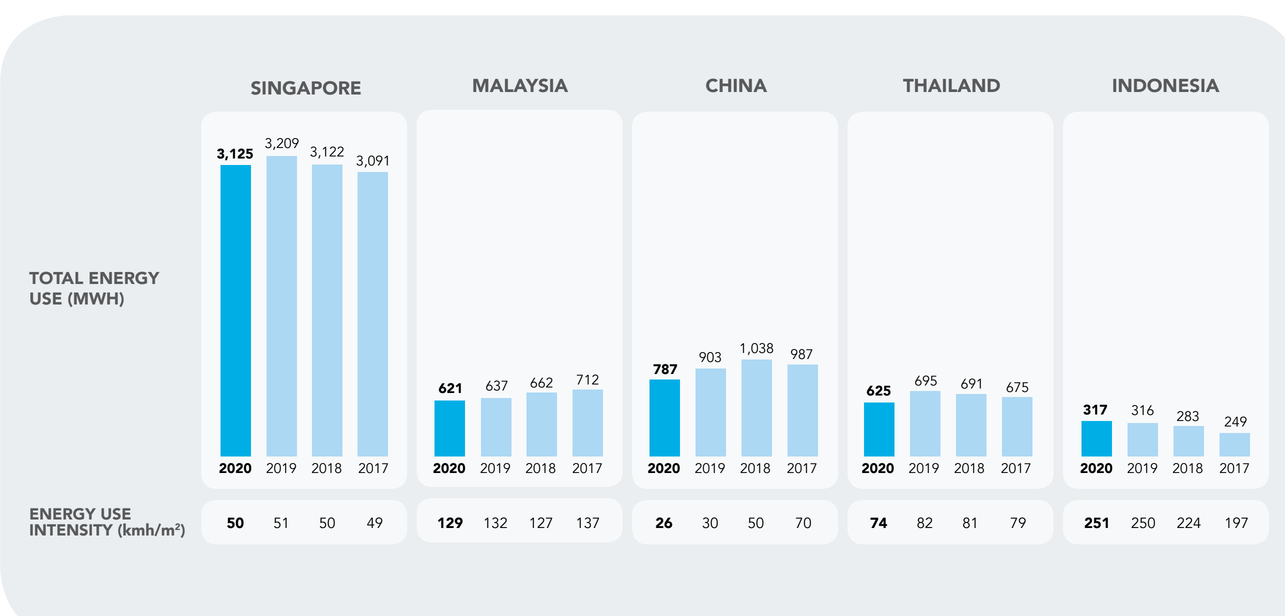
We are constantly looking at ways to reduce our energy consumption across our business entities.

Besides closely monitoring our energy usage and implementing basic measures in some of our offices such as switching off the air-conditioner during lunch time, we make use of alternative sources of energy such as natural solar power where possible. For instance, one of our subsidiaries has installed solar panels comprising 1,200 pieces of solar tubes to supplement energy for the tropical fish room operations, cutting down the usage of electricity. Such measures have resulted in lower energy use intensity over the last few years.

QIAN HU'S ENVIRONMENTAL POLICY

- Comply with all applicable laws, regulations and standards, and collaborate with the authorities and with other companies within the industry to develop standards and practical guides aimed at protecting natural resources, and the environment
- Undertake programmes of continual improvement and pollution prevention
- Reduce the use of environmental unfriendly packing materials and strive to develop alternative practices using new technologies, when available
- Reduce resource consumption and waste generation
- Provide the necessary training and support to staff
- Conduct regular reviews to ensure compliance

ENVIRONMENTAL PERFORMANCE INDICATOR – ENERGY



Supply Chain Management

ENGAGING OUR SUPPLIERS

Our suppliers are key to our long-term growth and sustainability as an integral part of our purchasing process and supply chain management. In this 'new normal' environment, ensuring continued engagement with our suppliers is even more vital than ever for us to effectively pursue sustainable practices.

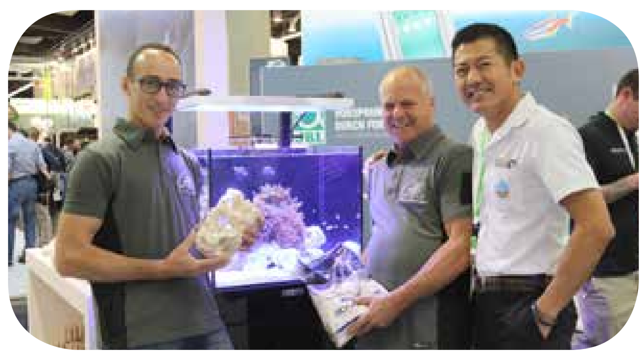
We engage with our suppliers regularly through various touchpoints, one of the most important being through regular meetings as part of our supplier partnership programme. These meetings are an important means for us to gather feedback, exchange ideas and formulate action plans to enhance our relationship so that we remain on track to achieve our common goals. This year, to ensure employees' and suppliers' safety and wellbeing, we have conducted more virtual meetings.

We also carefully select our suppliers based on track record and endorse them by way of our Approved Vendor List. Our suppliers are also chosen for their ability to complement and enhance our commitment towards providing high quality products and excellent service standards. They are expected to comply with our governing principles concerning environmental standards and fair social practices, which would have been communicated to them at the start of our partnership.

Where suppliers are unable to immediately meet our standards and specification, we will provide feedback to enable them to work on improving their practices in order to meet our standards.

In FY 2020, we engaged approximately 887 suppliers, as compared to 883 suppliers in FY 2019, on a global basis. These suppliers were engaged in the provision of a wide range of goods and services which are used in our businesses, from Accessories to Aquaculture.

We are constantly and incrementally instilling higher standards throughout our entire supply chain which will ultimately lead to a higher level of product and services for our Group.



VALUE CHAIN & SUPPLY CHAIN ANALYSIS

	NO. OF SUPPLIERS	PRODUCTS /SERVICE	DISTRIBUTION	CUSTOMERS
Ornamental Fish	471	• Import & export of ornamental fish	• Own stores • Distributors • Retailers • Direct Sales • Online	• Retail stores • Hobbyists • General consumers
Accessories	351	• Aquarium and pet accessories	• Own stores • Distributors • Retailers • Direct Sales • Online	• Retail stores • Hobbyists • General consumers
Plastics	32	• Plastics products	• Distributors / principals • Retailers	• Supermarkets • Industrial customers
Aquaculture	33	• Edible fish fingerlings • Seafood products	• Secondary breeders • Retailers	• Secondary breeders • General consumers

CUSTOMER SATISFACTION

Our commitment to customer best practice means that we strive to provide our customers with reliable service, high quality products and responsive after sales care.

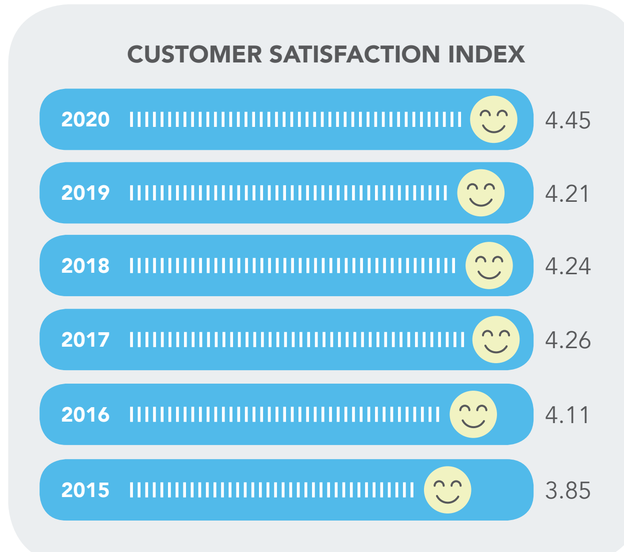
With a customer base spanning more than 80 cities and countries and with the nature of our products involving the distribution of ornamental fish, logistic issues such as flight accessibility and connectivity are important components of timeliness of delivery and low DOA (dead-on-arrival) rates. Our wide distribution network also allows us to maintain a high level of efficiency in the delivery of our products.

This year, we have also worked to develop stronger domestic networks within each of our export hubs, and deployed land transport options in view of the substantial reduction of flight frequencies.

We engage our customers across a multitude of platforms such as through feedback channels and direct inquiry platforms, dedicated servicing of specific customers, our website, social media platforms, trade shows and exhibitions which we participate in. Additionally, we schedule regular customer visits and maintain open communication through virtual meetings, face-to-face meetings where permitted, phone calls and emails to ensure their needs are met.

Our customers are our priority and their satisfaction is monitored and tracked closely throughout the Group in order to address any shortcomings in our service and product standards, continually improve on our customer relationships and ensure their satisfaction with our offerings. At Qian Hu, we measure our customers' level of engagement with us through an annual Customer Satisfaction Index.

Aside from this formal measurement of customer satisfaction, there are various qualitative indications of customer satisfaction levels.



CUSTOMER PRIVACY

We take the protection of our customers' privacy and data seriously and we are in strict compliance with the Personal Data Protection Act 2012. Our Personal Data Protection Policy sets out our approach to managing and safeguarding personal data and is publicly accessible on our website at **www.qianhu.com/about-qian-hu/privacy-policy.** The policy applies to all divisions and entities within our Group.

While we collect personal data in the course of providing our goods and services and after sales care, we do not sell, rent, give away, exchange or in any way divulge this data to third parties for commercial or other purposes, without the consent of customers.

There have been no reported breaches of the Personal Data Protection Act 2012 or of any non-compliance with our Personal Data Protection Policy in FY 2020.

All our employees are also guided by Qian Hu's Code of Business Conduct and Ethics, which takes a strict view of any breach of customer confidentiality.

Supply Chain Management (cont'd)

PRODUCT HEALTH MANAGEMENT

Consumer Health & Safety

With more than 3,000 types of fish and accessories products exported and sold in more than 80 cities and countries, we consider consumer health and safety to be of the utmost importance to us. As such, any non-compliance with health and safety issues will have far-reaching consequences, not only to the well-being of our customers and the community at large, but also to our brand equity. This in turn will have a bearing on our financial performance and may have legal and other consequences. We do not sell, use, provide or deal in any form of banned or disputed products, which is our promise to our customers and as a commitment to the highest standards of product health and safety.

We are in compliance with prevailing laws and regulations governing the respective products in the various countries in which they are sold. Our products such as aquarium and pet accessories are manufactured in accordance with HACCP (Hazard Analysis and Critical Control Points) and GMP (Good Manufacturing Practice) standards and are compliant to best practices such as MSDS (Material Safety Data Sheets). Our fish feeds, fish medication and pet food have guaranteed ingredient analyses with respect to nutritional values and content mix. On average, about 20% of our significant product and service categories are continually assessed with the aim of further improving health and safety aspects.

Product & Service Labelling

As Qian Hu markets various types of fish food, fish medication, pet accessories and other related products, we ensure that we provide accurate and adequate information about these products. The sustainability impact of our products is transparently presented through our labelling and other packaging information, in order for consumers to make informed choices. Some of our products, such as our cat litter, already utilise environmentally friendly material. These include human-grade tofu,100% natural pine wood, unbleached, chemical-free and harmful substance-free fibres which are reflected in the information on the packaging. We are constantly looking for ways to further improve the information on our labelling so as to enable our customers to make the best choices for their pets and for the environment.

In FY 2020, to the best of our knowledge, there have been no incidents of non-compliance with regulations and voluntary codes concerning products and service information and labelling by type of outcomes.

Marketing Communications

As many of our products cater to beloved fish and pet companions, we uphold principles of responsible marketing and communications, effectively and accurately representing our brands, products and value propositions. All our marketing collaterals are in compliance with the Singapore Code of Advertising Practice, governed by the Advertising Standards Authority of Singapore, which is an advisory council to the Consumers Association of Singapore.

In addition, we have internal guidelines and procedures as well as an operational manual which sets out the proper practices to be adhered to by our Group in all communications, marketing and technology applications. In FY 2020, we are not aware of any breaches of guidelines or regulations with respect to advertising or marketing nor any incidence of false advertising or inaccurate or misleading representations of our Group, its products or services.

DRIVING INNOVATION

Innovation is at the heart of all that we do at Qian Hu, powering us to keep at the forefront of our industry and cater to the changing demands of our customers' lifestyles and needs. The spirit of curiosity, the thirst for knowledge and the drive for continuous improvement is encouraged across all levels within our organisation and we encourage new ideas and feedback. In FY 2020, we are happy to report the following breakthroughs in our product segments.

OUR PAST SUCCESS

Our past innovative efforts have been successfully implemented, brought to market and received positive response from our customers in the various markets.

- Patented Hydro-Pure Technology
- Multi-tier Automated Recirculation Holding Tank System
- Biological and mechanical filtration, as well as high flow rate water purification units for big pond applications
- Large-scale arowana tank systems
- Early innovation in arowana pellet food

Ornamental Fish

- New types of betta fish: 'candy' colours, new tail variations such as the cow tail and the halfmoon tail
- New premium Oranda goldfish: different colours from typical goldfish, such as those with a red head and black body
- New varieties of flowerhorn

Aquarium Accessories

- OF – Freshwater Hydra Aquatic Depurators and Hydra Stream Aquatic Depurator: improved Hydro-Pure Technology specifically for freshwater application
- OF – 3DM Smart Internal Filter: integrated with 3DM biological media for extra biological filtration function
- OF – Qian Hu Probiotic 1: probiotic enzyme for improving koi fish digestion and nutrient absorption
- OF – Qian Hu Probiotic 2: probiotic enzyme for improving biological nitrification and water purification
- Aqua Zonic – Anchorage Submersible High Power UV Lamp (60W/90W)
- Aqua Zonic – Mini Submersible UV-C lamp G3 with 360deg reflector (5-11W)
- Aqua Zonic – Spartan DC variable frequency water pump (4,300 - 12,000L/hr)

Pet Accessories

- Aristo-Cats Yihu – Healthcare Series: canned cat food made with natural ingredients that addresses specific needs such as kidney, liver and joint care
- Reptilepro – Reptile Paradise Platform: for turtle basking with optional filtration and heater function
- Reptilepro – Reptile Paradise Acrylic Tank 400/600 with basking lamp

Labour Practices & Conducive Workplaces

OUR HUMAN RESOURCE PHILOSOPHY

We hold the philosophy of "People First" very close to our hearts as we recognise that our human resource is our greatest asset. Qian Hu has been recognised as a People Developer as well as a recipient of the People Excellence Award by SPRING Singapore, a testament to our employee development programmes and employment planning.

We believe in engaging and developing our employees to their fullest potential so as to enable them to progress through the organisation and to effectively participate and contribute to the growth of the organisation. We review and adjust our human resource policies annually to ensure that we are in compliance with prevailing employment laws, regulations and industry trends.

Our positive employee retention record reflects the Group's sound employer-employee relations. We have a diverse, multi-cultural and multi-talented workforce. We encourage our employees to have fun within and outside the workplace and instill a spirit of creativity and adventure in their work.

CORPORATE VALUES & BUSINESS CONDUCT

Any unethical or unlawful behaviour can have far-reaching impact for our Group, both in terms of financial and legal consequences as well as brand reputation. As such, all Qian Hu employees have to abide strictly by our Code of Business Ethics and Conduct (the "Code").

Disciplinary action will be enforced in the event of violations of this code, including termination of employment in cases of serious breaches, aside from any other legal action such as fines, penalties, imprisonment or claims for damages that may ensue as a result of any breach of prevailing laws and regulations.

ANTI-CORRUPTION

Qian Hu adopts a zero-tolerance approach to any form of bribery and corruption and will not hesitate to take all necessary action against any such acts. We strictly respect all prevailing anti-corruption legislation in all the markets in which we operate. Our stance in this respect is detailed in our anti-corruption policies contained in our staff handbook under our Code of Business Ethics and Conduct.

All employees are taken through the Code during the employment orientation and induction sessions. We also communicate our anti-corruption policies to all our suppliers, sub-contractors and other business partners at the outset of our working relationship. Additionally, our Finance Department has strict oversight of payments and receipts with appropriate controls and procedures in place to monitor and prevent any irregular forms of payments or receipts.

We also have a set of guidelines for our employees around the receipt and giving of gifts, entertainment, sponsorships and charitable contributions in the course of their work. The guidelines are readily accessible on our Employee Portal.

In FY 2020, there have been no reports of corruption or cases of suspected corruption.

UPHOLDING HUMAN RIGHTS

Qian Hu is committed to upholding internationally accepted human rights principles, including those related to child labour, forced labour and human trafficking. In Singapore, we are in compliance with the Singapore Prevention Against Human Trafficking Act 2014 (Chapter 45) as well as other prevailing legislations in the countries in which we operate.

We do not engage indirectly either in business with partners, suppliers or third-party manufacturers that are known to use unethical means in their business processes.

We also respect and protect the rights of our own employees and the freedom of association and collective bargaining. Nevertheless, as we are a small-medium enterprise, our business does not involve trade unions and as such there are no employees covered under collective bargaining agreements.

We have not received any reports of labour or human rights violations in FY 2020.

Labour Practices & Conducive Workplaces (cont'd)

NON-DISCRIMINATION & DIVERSITY

At Qian Hu, we employ and provide development opportunities based on the necessary skills, experience and work ethics which will enable individuals to excel in their relevant roles – irrespective of their gender, ethnicity, religion, sexual orientation, disability or any other non-work related personal attributes.

Our commitment to fair employment is demonstrated by our pledge to uphold the Fair Employment Practices governed by the Tripartite Alliance for Fair Employment Practices ("TAFEP"), formed by the Ministry of Manpower, Singapore National Employers Federation and the National Trade Union Congress.

Pursuant to the pledge, we are committed to fair and progressive employment practices that will promote an inclusive workplace for all, based solely on merit and ability and governed by progressive human resource practices. We provide equal opportunities for progression within the organisation, training and development and other enrichment opportunities.

We also provide attractive employee benefits to all our employees, full-time as well as part-time, on a fair and equitable basis, including insurance, health care benefits and parental leave. Our benefits are a key factor in our success in retaining employees and in ensuring high morale, motivation and productivity.

We are particularly proud of the fact that we have three female Board members, which puts us ahead of many of our listed peers. We will continue to focus on removing any invisible or structural considerations that may impact diversity within our organisation.

Older workers represent another facet of a diverse workforce. To date, 13.2% of our workforce is currently above 50 years of age. We recognise the experience and talents that older workers bring, and we encourage employees to work beyond the retirement age of 62, health and job requirements permitting. We also schedule relevant courses and periodic training to continually upgrade the skill sets of our senior employees.

In FY 2020, there were no alleged or actual cases of discrimination raised.

Total of 547 employees
as at 31 December 2020

183
BASED IN SINGAPORE
The rest from overseas subsidiaries in Malaysia, China,Thailand and Indonesia

26.7%
5 - 10 years of service

30.0%
more than 10 years of service

60.9%
MALE

39.1%
FEMALE

50+

13.2%
ABOVE 50 YEARS OF AGE

WORKPLACE SAFETY

One of Qian Hu's key priorities is centred on the health and safety of our employees. As such, we adhere strictly to all stipulated regulations and guidelines in the countries in which we operate. Minimising the incidence of work-related injury and illness and promoting a safe and healthy work environment leads to positive workplace morale, overall well-being of our employees and ultimately to higher quality products and services.

Our Health and Safety Committee has a joint management-worker representation ensuring a collaborative approach to health and safety issues. The committee members are elected by way of management nomination and employee selection, based on criteria such as daily work scope and ability to handle health and safety issues. The committee regularly monitors and reviews our safety practices and procedures.

This year, in particular, we implemented various measures at our Singapore farm in view of the ongoing COVID-19 situation, including the following:

- Mandatory download of Singapore's 'TraceTogether' app and use of 'Safe Entry' system for all employees for contact tracing purposes
- Twice-daily temperature checks for employees on site
- Safe distancing (1 metre) rules enforced at all times, minimising face-to-face meetings or employee gatherings
- Masks to be worn at all times during working hours
- Split team arrangements with different working hours for each department
- Regular reminders on observing personal hygiene and clear guidelines in the event that any employee feels unwell, with a dedicated quarantine area set aside

Our Singapore farm was awarded with the 'SG Clean' quality certification in June 2020 for meeting the requirements in good practices for its retail premises, a recognition to our commitment to upholding good sanitation and hygiene practices.

Risk identification, monitoring and management are also within the purview of the committee's responsibility. The committee identifies and ranks safety hazards and addresses them according to their order of importance. A review meeting is held annually to ensure that all outstanding issues are resolved and that the Group remains in compliance with all prevailing standards and certifications.

In addition to workplace health and safety training, our employees are sent for training in related safety and first aid on a yearly basis. External consultants are also invited to conduct training in introductory first aid and in the use of the automated external defibrillator ("AED") machine at our farm which enables our employees to be operationally ready to provide medical aid in the event of medical emergencies.

Our employees are also trained on fire safety hazard processes at our local and overseas operations. Regular fire drills and evacuation exercises are conducted in accordance with ISO 14001:2015 standards. We track and report industrial accidents and injuries in accordance with the Ministry of Manpower guidelines and file work-related claims accordingly, with all our employees strictly adhering to reporting procedures concerning all work-related injuries.

Our overall accident frequency rate and severity rates are below the industrial standard, and we continue to endeavour to lower these rates. For FY 2020, we had no reported cases of accidents.

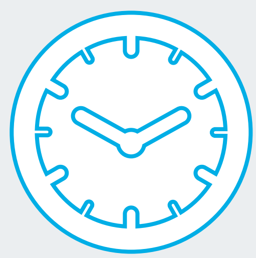
Labour Practices & Conducive Workplaces (cont'd)

TRAINING & EDUCATION

Employee training and education remains a core component of our human resource initiative. We provide training and educational programmes to ensure our employees have the necessary skills and knowledge to realise their fullest professional potential. Having a skilled workforce equipped with the relevant technological, operational and business skills to operate in today's fast-paced and dynamic business environment will also ensure that the Group meets its business objectives and remains on track for long-term sustainable growth.

Aside from on-the-job training and relevant skills upgrading, we also provide opportunities for our employees to gain knowledge and skills beyond their job functions or requirements such as external courses on supervisory and problem-solving skills and language enhancement. All training processes are closely monitored and tracked by line managers and the human resources department to ensure that our employees' learning and development needs are adequately met. As compared to the national averages in most categories, Qian Hu has met or exceeded measurements in terms of participation rates and training intensity as defined by the Ministry of Manpower.

Training budget is pegged at approximately 3% of our total payroll



Each employee spent approximately 16 hours on average in training in FY 2020

SUCCESSION PLANNING

Qian Hu takes a long-term view on growth. We recognise that business continuity is crucial in ensuring a sustainable future. To this end, we have put in place a structured succession programme over the last 15 years to prepare a team of executives to ably lead the Group into the future.

Our new Group CEO, Mr Yap Kok Cheng, has been selected from a group of management trainees who have been undergoing a rigorous leadership grooming process which involves job portfolio rotation and performance evaluation under exacting business environments. We are of the view that such a robust preparatory programme will ensure their readiness to assume the mantle of leadership and their willingness to place the Group's interest above all else.

The CEO appointment was reviewed by the Nominating Committee, supported with peer appraisals. It is a Group policy that the selection is based purely on individual merit and capabilities with no preference given to family connections or any other non-meritocratic criteria.

We may also undertake a similar process to groom future key executives within the Group.

EMPLOYEE ENGAGEMENT

Engaging with employees is a priority at Qian Hu as we consider human resource to be our greatest asset. As such, we believe in maintaining open and ongoing channels of communication with our employees since these platforms enable them to voice their concerns, especially with respect to human resource-related grievances or issues. They are also an effective means of communicating the Group's business activities and corporate developments and ensuring that all our employees are of one mind and purpose in the pursuit of the Group's long-term growth.

Feedback Platforms

We maintain various communication channels in order to build stronger working relationships within the organisation. An Employee Opinion Survey offers an avenue for gathering feedback and opinion on the leadership performance of senior management, whilst monitoring areas which need improvement.

Every quarter, senior management-staff dialogue sessions are held across our subsidiaries to promote better communication across all levels of the organisation. Employees are free to ask questions, voice their concerns and grievances and provide suggestions during these sessions. Such exchanges assist in building a culture of understanding and openness. Senior managers from our various divisions and subsidiaries also hold regular briefings with staff to ensure important strategies or messages are conveyed directly to staff. This year, we moved our dialogues online with regular participation from our staff.

We also publish an in-house newsletter, "FISH MATRIX" on a bi-annual basis which is disseminated to all employees and made available on our website. The newsletter is another means of broadcasting corporate developments and other important news on a Group-wide basis.

We have also been utilising internal group chats to broadcast, in a quick and efficient manner, employee corporate activities, reminders on important initiatives or deadlines and other employee-related content. These broadcasts have been positively received by employees as they are kept abreast of developments in a seamless manner with messages pushed out to them.

Our subsidiaries and divisions utilise popular chat platforms in their respective markets, such as WeChat and LINE messenger, to set up company-wide chat groups and exchange information.

Whistle Blowing Policy

Qian Hu has in place a whistle blowing policy to allow our employees the mechanism to raise concerns on possible improprieties in financial reporting, fraudulent acts and other such irregularities without fear of reprisals. The mechanism is endorsed by our Audit Committee and reports or concerns of improprieties are made directly to the Chairman of the Remuneration Committee.

The Audit Committee reviews all whistle blowing complaints at its quarterly meetings, ensuring that any investigation and appropriate follow-up actions are taken. In instances of serious offences and or criminal activities, the Audit Committee and the Board have access to the appropriate external advisors and where necessary, a formal report with the relevant government or regulatory authority will be filed.

In FY 2020, there were no known incidents of non-compliance with our Code of Business Ethics and Conduct or whistle blowing cases in Qian Hu.

Employee Welfare

For the well-being of our employees, we organise various health and wellness programmes in Singapore throughout the year. Aside from employee health checks, recreational and sports activities and monthly employee birthday celebrations were organised to foster bonding outside of work. This year, despite the lockdowns, we managed to host some of these events virtually.

Likewise, our various subsidiaries conduct their own employee welfare programmes. For example, employees in our overseas subsidiary in Guangzhou had a recreation space created for them where they can rest, play games such as table tennis and billiards and watch television. Sports carnivals, basketball competitions, Christmas events and employee retreats are some of the other activities organised for employees there. Until these spaces can be used freely again, we have moved our recreational activities to virtual platforms where applicable.

EMPLOYEE SATISFACTION INDEX

4.63	2020	4.67	2017
4.58	2019	4.57	2016
4.57	2018	4.44	2015

Labour Practices & Conducive Workplaces (cont'd)

PEOPLE PERFORMANCE INDICATORS

	SINGAPORE			MALAYSIA			CHINA			THAILAND			INDONESIA			TOTAL		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
EMPLOYEE PROFILE																		
Total employees (number)	**183**	**190**	**184**	**99**	**107**	**104**	**148**	**160**	**78**	**88**	**108**	**111**	**29**	**30**	**30**	**547**	**595**	**507**
Employees by gender (number)																		
Male	121	130	123	66	73	69	63	70	40	59	78	81	24	25	25	333	376	338
Female	62	60	61	33	34	35	85	90	38	29	30	30	5	5	5	214	219	169
Employees by age group (number)																		
Under 30 years old	26	34	34	33	48	41	28	37	29	27	45	48	12	10	10	126	174	162
30 to 50 years old	105	102	96	55	50	53	115	116	46	59	61	61	15	18	18	349	347	274
Over 50 years old	52	54	54	11	9	10	5	7	3	2	2	2	2	2	2	72	74	71
Employees by educational qualification (number)																		
Degree and above	29	26	24	4	5	7	19	18	10	53	65	69	7	7	7	112	121	117
Diploma and equivalent	36	27	31	29	29	29	39	40	28	7	9	6	3	3	3	114	108	97
Secondary and below	110	130	129	65	72	67	86	96	33	28	34	36	19	20	20	308	352	285
Skill certificates	8	7	0	1	1	1	4	6	7	0	0	0	0	0	0	13	14	8
Employees by employee category (number)																		
Key management	24	19	18	4	5	5	1	2	1	7	9	11	3	1	3	39	36	38
Middle management & Executives	39	47	42	24	30	25	23	26	16	19	18	16	4	3	0	109	124	99
Admin & Operational staff	120	124	124	71	72	74	124	134	61	62	81	84	22	26	27	399	437	370
Employees by employment contract (number)																		
Permanent	183	190	184	99	107	104	146	160	78	88	108	111	29	30	30	545	595	507
- Full time	*181*	*187*	*181*	*94*	*94*	*97*	*146*	*160*	*76*	*88*	*108*	*111*	*27*	*29*	*29*	*536*	*578*	*494*
- Part time	*2*	*3*	*3*	*5*	*13*	*7*	*0*	*0*	*2*	*0*	*0*	*0*	*2*	*1*	*1*	*9*	*17*	*13*
Temporary	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	2	0	0
Employees by length of service (number)																		
Less than 5 years	52	71	69	57	58	48	96	97	66	18	43	62	14	10	10	237	279	255
5 to 10 years	48	38	37	27	33	26	20	33	6	36	38	22	15	20	20	146	162	111
Over 10 years	83	81	78	15	16	30	32	30	6	34	27	27	0	0	0	164	154	141
NEW HIRES																		
Total new hires (number)	**26**	**20**	**21**	**29**	**24**	**25**	**34**	**17**	**55**	**4**	**5**	**20**	**2**	**1**	**4**	**95**	**67**	**125**
New hires by gender (number)																		
Male	14	17	15	23	16	20	19	8	34	3	3	17	2	1	2	61	45	88
Female	12	3	6	6	8	5	15	9	21	1	2	3	0	0	2	34	22	37
New hires by age group (number)																		
Under 30 years old	14	9	10	11	15	14	16	10	28	1	4	16	2	1	0	44	39	68
30 to 50 years old	11	11	8	16	9	11	18	7	27	3	1	3	0	0	3	48	28	52
Over 50 years old	1	0	3	2	0	0	0	0	0	0	0	1	0	0	1	3	0	5
TURNOVER																		
Total turnover (number)	**33**	**14**	**22**	**37**	**21**	**34**	**46**	**18**	**70**	**24**	**8**	**25**	**3**	**1**	**1**	**143**	**62**	**152**
Average monthly turnover rate (%)	1.5	0.6	1.0	3.1	1.6	2.7	2.6	0.9	7.5	2.3	0.6	1.9	0.9	0.3	0.3	2.2	0.9	2.5
Turnover by gender (number)																		
Male	23	10	17	30	12	26	26	7	42	22	6	22	3	1	1	104	36	108
Female	10	4	5	7	9	8	20	11	28	2	2	3	0	0	0	39	26	44
Turnover by age group (number)																		
Under 30 years old	9	4	9	13	8	21	19	8	41	14	5	21	0	1	1	55	26	93
30 to 50 years old	21	7	13	22	12	12	25	9	27	10	3	4	3	0	0	81	31	56
Over 50 years old	3	3	0	2	1	1	2	1	2	0	0	0	0	0	0	7	5	3

Community Involvement

As a responsible corporate citizen, Qian Hu works to contribute meaningfully to the communities and environment where we operate, based on our Community Involvement Policy of "Charity, Community and Commitment". Our outreach initiatives, in addition to enriching the community and supporting social causes, businesses and entrepreneurship, are also a means of fortifying the fabric of our workforce, as we band together for the greater good of the community and the environment.

Giving Back to the Community

Our employees are encouraged to be involved in community activities and to donate to selected charities. This year, although our community efforts were limited due to the pandemic, our employees in China volunteered at Tan Bu Zhen Old Age Home in Guangzhou with meaningful activities for the senior citizens.

In Singapore, we made a monetary donation to the Geylang East Home for the Aged in line with our societal contributions.

We also conducted added training for our employees in the areas of Occupational Health, Work Safety and Industrial Injury Safety to improve and upgrade their skills.

Contributing to the Business Community

As a leader in the ornamental fish distribution business and related industries, we have much to contribute to the wider fish industry ecosystem. Our Chief Executive Officer, Mr Yap Kok Cheng, is a member of the Animal and Veterinary Service's Ornamental Fish Business Cluster, while our Finance Director, Ms Lai Chin Yee, is a Board member of the Accounting and Corporate Regulatory Authority (ACRA) and also a Council Member of the Institute of Singapore Chartered Accountants (ISCA). Our Executive Chairman, Mr Kenny Yap, continued to contribute his views as a columnist to the Lianhe Zaobao segment - 老板生意经 in FY 2020.


中小企业
阳光总在风雨后

Through our experiences and learnings, our senior management team members are actively engaged in sharing our business excellence practices with others. They play an active role in connecting with the broader industry ecosystem to share knowledge, network contacts, and resources so as to help improve business and operational practices and to raise the performance standards in our industry.

Investor Relations

As a listed entity, one of Qian Hu's key responsibilities is to communicate our financial performance, business strategies and other relevant corporate information in a timely, transparent and accurate manner to our financial stakeholders and the wider investment community.

We are in strict compliance with the SGX-ST's Code of Corporate Governance and other prevailing laws and regulations on disclosures. Our compliance culture is founded on principles of integrity, transparency, responsiveness and a respect of the spirit as well as letter of the law – demonstrated by the numerous Corporate Awards we have garnered. Our annual score in the Singapore Governance and Transparency Index, the leading index for assessing corporate governance practices of Singapore-listed companies, consistently places us in the top tier of the rankings.

Consistent with our past standards of expedient reporting for the past 15 years, we target to release our half-year results (unaudited) and full-year results (audited) within 20 days and 15 days respectively after the end of the financial period. Our results announcements are accompanied by a press release in English and Chinese, summarising the highlights of the results and the explanation behind the Group's performance. For the full-year results, we equip our investor public with a "mini annual report", which is a compilation of the financial and related materials for the year, such as the Chairman's Message, press releases, media releases, presentation slides and financial statements. All our results and material announcements are posted on SGXNet, which is accessible to the public on both Qian Hu and the SGX websites.

Another key component of shareholder communication is our Annual General Meeting ("AGM"). Several channels, such as, email or fax, are available for shareholders who are unable to attend the AGM to provide their input and feedback. With safe management measures and limits on large event gatherings amidst the COVID-19 situation in Singapore, we will be hosting our forthcoming AGM in March 2021 by electronic means. Detailed minutes of the AGM are posted on the Group's website and on SGXNet within three business days of the meeting. *(Please refer to the Notice of AGM on pages 171 to 174 of this Annual Report for more details)*

Ongoing communication with the investment community is a cornerstone of our investor relations programme. Our Group's senior management hosts annual briefings for analysts, fund managers and media after the release of our full-year results, with delayed webcasts available for those unable to attend. These facilitate impartial, insightful and accurate reports on the investment merits of Qian Hu for the investing community and the general public.

Aside, our Chairman engages with analysts and fund managers looking for a better grasp of the Group and its performance and engages with them regularly to ensure that we are in tune with the investment community's and public needs. Media interviews are also conducted on pertinent topics and to share the Group's strategies, new corporate developments or industry trends with the wider community.

Our investor relations site – http///qianhu.listedcompany.com – is kept up to date with SGX announcements, financial results, annual report and financial presentations as well as our corporate governance report, investors' Q & A and detailed minutes of the AGMs. With an open and easily accessible channel for investor queries through dedicated investor relations email addresses, our investor relations team ensures timely responses to queries, suggestions and clarifications, which goes a long way towards building trust and confidence in the Group.

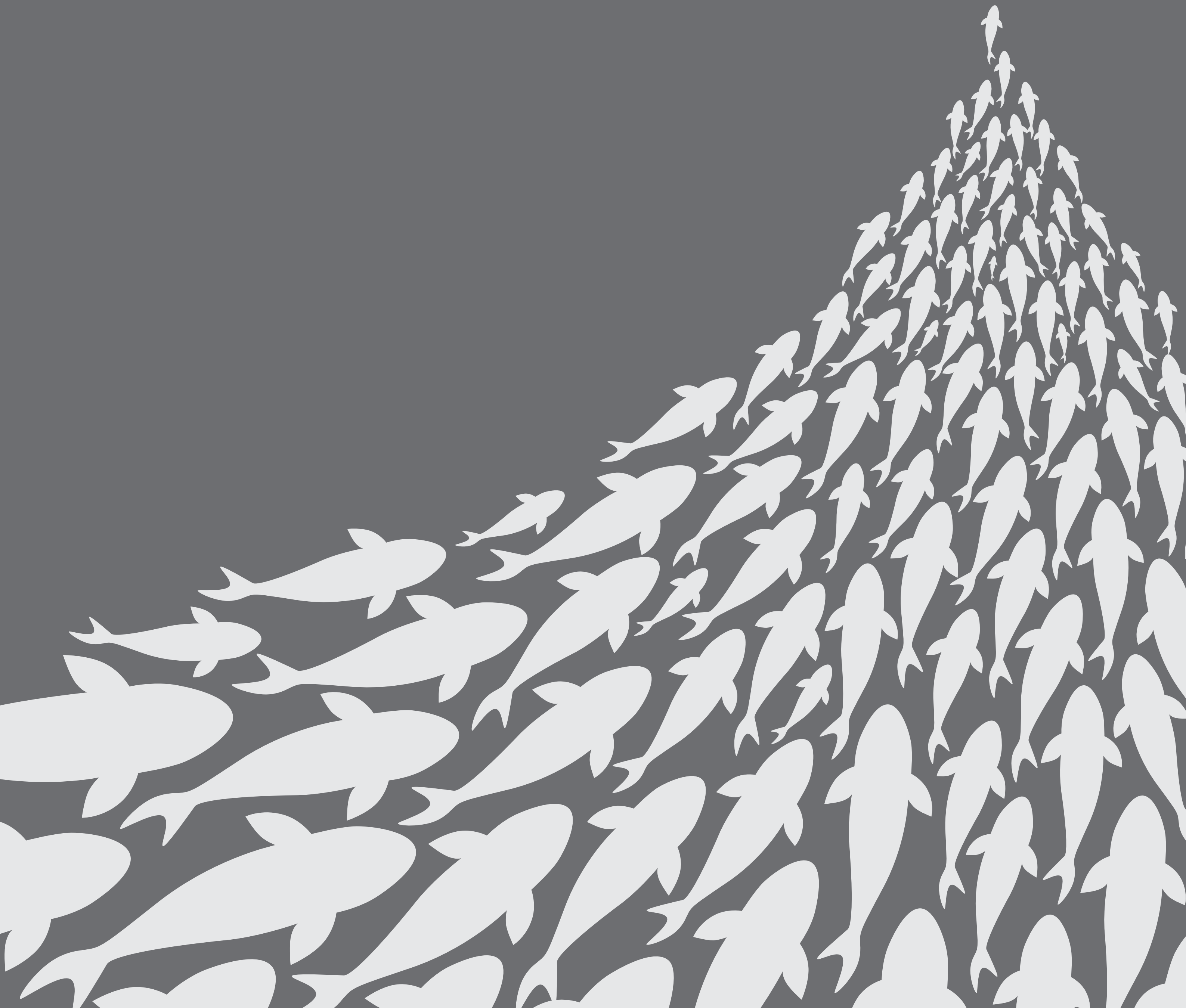
With effect from November 2019, Qian Hu is part of the "SGX Fast Track" programme, where the Group can expect to receive prioritised clearance for all submissions of corporate actions. This is designed to recognise the efforts and achievements of listed issuers which have held high standards of corporate governance and a good compliance track record.

Our AGM for FY 2019 was held physically on 26 March 2020 and in compliance with safe management measures.

FINANCIAL CALENDAR

FY 2020	FY 2021	
13 Jan	**12 Jan**	• Full-Year Results Announcement • Media & Analyst Briefing (held for FY 2019 results)
26 Feb	**1 Mar**	• Despatch of Annual Report
26 Mar	**29 Mar**	• Annual General Meeting
23 Apr	**26 Apr**	• Payment of dividend (Subject to Shareholders' approval at AGM)
17 Jul	**16 Jul**	• Half-Year Results Announcement

Corporate Governance Report



Corporate Governance Report

The Board of Directors (the "Board") of Qian Hu Corporation Limited (the "Company") and its subsidiaries (the "Group") are firmly committed to ensuring a high standard of corporate governance which is essential to the long-term sustainability of the Group's business and performance.

This report describes the Group's corporate governance structures and practices that were in place throughout the financial year ended 31 December 2020, with specific reference made to the principles and provisions of the revised Code of Corporate Governance (the "2018 Code") and accompanying Practice Guidance issued in August 2018, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Board is pleased to confirm that for the financial year ended 31 December 2020 ("FY 2020"), the Group has adhered to the principles and provisions as set out in the 2018 Code. In so far as any principles and/or provisions has not been complied with, the reason has been provided.

I. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

PROVISION 1.1

Principal Duties of the Board

The primary function of the Board is to provide entrepreneurial leadership so as to protect and enhance long-term value and returns for its shareholders. During FY 2020, as was in the past years, besides carried out its statutory responsibilities, the Board performed the following role:

- guide the formulation of the Group's overall long-term strategic plans and performance objectives as well as operational initiatives;
- establish and oversee the processes of evaluating the adequacy and effectiveness of the Group's risk management and internal controls framework, financial reporting and compliance with legislative and regulatory requirements;
- review and approve the Group's business plan, including annual budgets, major funding proposals, investment and divestment proposals;
- oversee the business affairs of the Company and monitor the performance of the management;
- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met;
- approve matters as specified under SGX-ST's interested person transaction policy;
- consider sustainability issues such as environmental and social factors as part of its strategic formulation (more details are set out in the "Sustainability & Governance" section on pages 40 to 90 of this Annual Report); and
- assume responsibility for good corporate governance.

Independent Jugdement

The Board and the Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. The directors on the Board have the appropriate core competencies and diversity of experience to enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary from the Board and the Management on matters pertaining to their area of responsibilities and actively help the Management in the development of strategic proposals and oversees the effective implementation by Management to achieve the objectives set. All directors are expected to exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

The Board has no dissenting view on the "Letter from the Chairman" to the shareholders for the financial year under review as set out on pages 12 to 14 of this Annual Report.

Conflict of Interest

Each director is required to promptly disclose any conflict or potentially conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Qian Hu Group as soon as is practicable after the relevant facts have come to his/her knowledge. On an annual basis, each director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions. Where a director has a conflict or potentially conflict of interest in relation to any matter, he/she should immediately declare his/her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she is abstained from voting in relation to the conflict-related matters.

PROVISION 1.2

Directors' Orientation and Training

A formal letter of appointment is furnished to every newly appointed director upon the appointment explaining among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

The Company also conducts a comprehensive induction programme for newly appointed directors which provides extensive background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors have the opportunity to visit the Group's operational facilities and to meet with the Management to gain a better understanding of the Group's business operations. The induction programme gives the directors an understanding of the Group's businesses to enable them to assimilate into their new role. It also allows the new directors to get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management. A first time director with no prior experience as a director of a listed company will be required to attend certain specific modules of the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of

Directors ("SID") in order to acquire the relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the Listing Rules of the SGX-ST.

The Company observed the aforesaid practices when Ms Soong Wee Choo joined the Board as an independent director in April 2020. As Ms Soong was previously a director of a listed company in Singapore between 2008 to 2016, the Nominating Committee was of the view that there was no necessity for Ms Soong to attend the above-mentioned LED Programme for first-time directors.

The Board as a whole is kept up-to-date from time to time on pertinent business developments in the business, including the key changes in the relevant regulatory requirements and financial reporting standards, risk management, corporate governance and industry specific knowledge so as to enable them to properly discharge their duties as Board or Board Committee members.

New releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("ACRA") and news articles/reports (including analyst reports) which are relevant to the Group's business are regularly circulated to all the directors.

The Company Secretary informs the directors of upcoming conferences and seminars relevant to their roles as directors of the Company. The Company has an on-going budget for all directors to attend appropriate courses, conferences and seminars conducted by external professionals for them to stay abreast of relevant business developments and outlook.

Seminars and trainings attended by directors in FY 2020

The details of update sessions, seminars, conferences and training programmes attended by the directors collectively in FY 2020 include:

- the external auditors, KPMG LLP, briefed the Audit Committee and the Board members on the developments in financial reporting and governance standards
- the CEO updated the Board at each meeting on business and strategic developments pertaining to the Group's business
- Fundamentals of the Personal Data Protection Act (PDPA), conducted by the Institute of Singapore Chartered Accountants ("ISCA")
- The Contemporary Issues in applying IFRS (including a brief on effects of COVID-19), conducted by ISCA
- PAIB Conference 2020: Gearing up to Reboot in a New World, organised by ISCA
- COVID-19: Embedding Resilience - Board Leadership, co-organised by SID and KPMG LLP
- Ethical Issues for Accountants: Forensic Accounting & Fraud Detection, conducted by ISCA

PROVISION 1.3

Board Approval

The Group has adopted internal guidelines governing matters that require the Board's approval which has been clearly communicated to the Management. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and accordingly revised when necessary.

The matters require Board's approval include:

- annual budgets and business plan of the Group;
- material acquisition and disposal of assets/investments;
- corporate/financial restructurings or corporate exercise;
- incorporation of new entities;
- issuance of shares, dividend payout and other returns to shareholders;
- risk appetite and risk tolerance for the different categories of risk;
- matters as specified under the SGX-ST's interested person transaction policy; and
- announcement of the Group's, half-year and full-year results and the release of the Annual Reports; and
- any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution.

PROVISION 1.4

Delegation by the Board

To assist the Board in discharging its oversight functions and to enhance the Company's corporate governance framework, various Board Committees, namely the Executive Management Committee ("EXCO"), Audit Committee ("AC"), Remuneration Committee ("RC"), Nominating Committee ("NC") and Risk Management Committee ("RMC") have been constituted with clearly defined written terms of reference. These terms of reference are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and legal environment. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board.

The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised in FY 2019 for alignment with the 2018 Code.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. Minutes of the Board Committee meetings are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

Please refer to the various Principles in this Corporate Governance Report for further information on the activities of the respective Board Committees.

Corporate Governance Report (Cont'd)

COMPOSITION OF BOARD AND BOARD COMMITTEES

Name of director	Executive Management Committee	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee
Kenny Yap Kim Lee (Executive / Non-independent)	Chairman	-	-	-	Member
Alvin Yap Ah Seng (Executive / Non-independent)	Member	-	-	-	-
Lai Chin Yee (Executive / Non- independent)	Member	-	-	-	Member
Tan Tow Ee (Non-executive / Independent)	-	Chairman	Member	-	Member
Sharon Yeoh Kar Choo (Non-executive / Independent)	-	Member	Chairman	Member	-
Ling Kai Huat (Non-executive / Independent)	-	Member	-	Member	Chairman
Soong Wee Choo (Non-executive / Independent) *(appointed on 1 April 2020)*	-	Member	Member	Chairman	-
Chang Weng Leong (Non-executive / Independent) *(retired on 26 March 2020)*	-	Member	Member	Chairman	-

PROVISION 1.5

Board Meetings and Attendance

The attendance of the directors at the scheduled Board and Board Committees meetings during the financial year ended 31 December 2020 is set out below: -

Name of director	Board	Executive Management Committee	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee
Number of meetings held	**3**	**10**	**3**	**2**	**1**	**2**
Number of meetings attended:						
Kenny Yap Kim Lee	3	10	3 *	1 *	1 *	2
Alvin Yap Ah Seng	3	10	3 *	1 *	1 *	-
Lai Chin Yee	3	10	3 *	1 *	1 *	2
Tan Tow Ee	3	-	3	2	1 *	2
Sharon Yeoh Kar Choo	3	-	3	2	1	-
Ling Kai Huat	3	-	3	1 *	1	2
Soong Wee Choo	2	-	2	1	1	-
Chang Weng Leong	1	-	1	1	-	-

* *Attendance by invitation of the Committee*

The dates of meetings of all the Board and Board Committee meetings, as well as the Annual General Meeting ("AGM"), are scheduled well in advance each year, in consultation of the Board. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Constitution of the Company provides for directors to conduct meetings by teleconferencing, videoconferencing, or other similar means of communication. The Board and Board Committees also make decisions through circulating resolutions.

The Board held three scheduled meetings in the financial year ended 31 December 2020 at regular intervals. The Board meeting originally scheduled in April 2020 was cancelled due to the various measures introduced by the government to restrict business and social activities from 7 April to 1 June 2020 ("circuit breaker") in order to stem the escalation of COVID-19 local transmissions. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by circumstances. Key matters discussed at these meetings included financial performance, annual budget, corporate strategy, significant operational matters, business opportunities and governance issues.

If a director is unable to attend a Board or Board Committee meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/she will review them and advise the Chairman of the Board or the Board Committee of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Multiple Board Representations

All directors are required to declare their board representations. When a director has multiple board representation, the NC will consider whether the director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

The NC has reviewed and is satisfied that Ms Lai Chin Yee, with multiple board representations and other principal commitments, has been able to devote sufficient time and attention to the affairs of the Company to adequately and satisfactorily discharge her duties as director of the Company, notwithstanding her multiple appointments and commitments in FY 2020.

The Company's current policy stipulates that a director should not have in aggregate of more than four listed company board representations and other principal commitments concurrently so as to be able to devote sufficient time and attention to the affairs of the Company to adequately discharge his/her duties as director of the Company. For the financial year under review, no director has exceeded such stipulation.

PROVISION 1.6

Access to Information

All directors have unrestricted access to the Company's records and information. From time to time, they are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognisant of the decisions and actions of the Management.

The Board receives quarterly management financial statements, periodic cash flow projections, annual budgets and explanation on material forecasts variances to enable them to understand and oversee the Group's operational and financial performance. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

As a general rule, Board papers prepared for each meeting are normally circulated five days in advance of each meeting. This is to give directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers provide sufficient background and explanatory information from the Management on financial impact, mitigation strategies, risk analysis, expected outcome, regulatory implications and corporate issues to enable the directors to be properly briefed on issues to be considered at Board and Board Committees meetings. Such explanatory information may also be in the form of briefings to provide additional insights to the directors or formal presentations made by the Management in attendance at the meetings, or by external consultants engaged on specific projects.

PROVISION 1.7

Access to Management and Company Secretary

The directors have separate and independent access to the Management and the Company Secretary at all times through email, telephone and face-to-face meetings. Any additional materials or information requested by the directors to make informed decisions is promptly furnished.

Under the direction of the Chairman, the Company Secretary ensures timely and good information flows within the Board and its Board Committees and between the Management and independent directors.

The Company Secretary assists the Chairman and the Chairman of each Board Committees in the development of the agendas for the various Board and Board Committees meetings. She administers and attends all Board and Board Committees meetings of the Company and prepares minutes of meetings. She is also responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act, Securities and Futures Act and the Listing Rules of the SGX-ST, are complied with.

As the primary compliance officer for the Group's compliance with the Listing Rules, the Company Secretary is responsible for designing and implementing a framework for the Management to comply with the Listing Rules, including advising the Management to ensure that material information is disclosed on a prompt basis. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term stakeholders' value.

Corporate Governance Report (Cont'd)

The appointment and the removal of the Company Secretary are subject to the approval of the Board.

Independent Professional Advice

Where the directors, whether individually or collectively, require independent professional advice in furtherance of their duties and responsibilities, the Company Secretary will assist in appointing a professional advisor to render the relevant advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

PROVISION 2.1

Board Independence

Currently, the Board consists of seven directors, of whom four are considered independent by the Board. With more than half of the Board made up of independent directors, including independence from the substantial shareholders of the Company, the Board is capable of exercising independent and objective judgment on corporate affairs of the Group. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its stakeholders. No individual or small group of individuals dominates the Board's decision making.

The independence of each director is assessed and reviewed annually by the NC. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the 2018 Code, considered whether a director has business relationships with the Group, its substantial shareholders or its officers and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the interest of the Group.

Each independent director is required to complete a Director Independence declaration annually to confirm his/her independence based on the guidelines as set out in the 2018 Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the 2018 Code.

During the financial year, the Company received professional services rendered from Alchemy Business Consultants which Mr Chang Weng Leong has an interest. Mr Chang has since retired as the independent director of the Company following the conclusion of the AGM held on 26 March 2020. The NC is of the view that the value of the said services was not material and the business relationship with Alchemy Business Consultants has not interfered with the exercise of independent business judgement in the best interest of the Company by Mr Chang in the discharge of his director's duties when he was still a director of the Company.

For FY 2020, the NC has assessed and satisfied that all the four non-executive directors are independent.

The Board recognises that independent directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board. Nevertheless, when there are directors who have served beyond nine years from the date of their first appointment, the Board will rigorously review their continuing contributions and independence and decide if they should continue with the appointment.

As at the end of FY 2020, Mr Tan Tow Ee and Ms Sharon Yeoh Kar Choo have served on the Board beyond nine years from the date of their first appointment. The Board has subjected their independence to a particularly rigorous review by all the other fellow directors (with both Messrs Tan and Yeoh abstaining from the review), before deciding if they should continue with the appointment.

After due consideration and with the concurrence of the NC, the Board is of the view that Mr Tan Tow Ee and Ms Sharon Yeoh Kar Choo have demonstrated strong independence character and judgement over the years in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged Management. They have sought clarification and amplification as deemed necessary, including through direct access to the Management.

Taking into account the above, and also having weighed the need for the Board's refreshment against tenure for relative benefit, the Board has affirmed their independence status and resolved that Mr Tan and Ms Yeoh continue to be considered independent directors, notwithstanding they have served on the Board beyond nine years from the date of their first appointment.

Nonetheless, in line with Rule 210(5)(d)(iii) of the SGX Listing Rules which will take effect on 1 January 2022, stipulates the re-appointment of any independent director who has served the Board for an aggregate period of more than nine years from the date of their first appointment will undergo the mandatory two-tier voting process at the AGM, the Company has its Board renewal process underway since FY 2018. Accordingly, Mr Tan Tow Ee, who is due for retirement at the forthcoming AGM, will not seek for re-election.

PROVISION 2.2

PROVISION 2.3

Proportion of non-executive independent directors

The Company has complied with the relevant provisions as a majority of the Board members are non-executive independent directors.

PROVISION 2.4

Board Composition

The profile of the directors and key information are set out on pages 16 to 18 of this Annual Report.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, considers that a board size of between five to eight members as appropriate.

The Board believes that its current board size and the existing composition of the Board Committees effectively serve the Group.

Board Diversity

Qian Hu's Board Diversity Policy endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against groupthink and to ensure that the Group has the opportunity to benefit from all available talents. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

Every year, the NC conducts its review of the composition of the Board, which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, met with the requirement of the Group. To assist the NC in its annual review of the directors' mix of skills and experiences that the Board requires to function competently and efficiently, all directors submitted a Director Competency Matrix Form, providing information of their areas of specialisation and expertise. The NC, having reviewed the completed forms, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business.

In recognition of the importance and value of gender diversity in the composition of the Board, the Board has three female directors currently, representing 42.9% of total Board membership. Ms Lai Chin Yee and Ms Sharon Yeoh Kar Choo have been members of the Board since November 2004 and September 2011, respectively. Ms Soong Wee Choo was newly appointed in April 2020. In addition, the Board consists of directors with ages ranging from fifties to more than 70 years old, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

PROVISION 2.5

Meeting of Independent Directors without Management

The independent directors, led by the lead independent director, meet amongst themselves at least once a year without the presence of the Management and the Chairman of the Board to discuss and evaluate the performance of the Management as well as the remuneration of the executive directors. The feedback and views expressed by the independent directors was communicated by the lead independent director to the Executive Chairman after the meeting, as appropriate.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

PROVISION 3.1

Separation of the Role of Chairman and the Chief Executive Officer ("CEO")

Since the Group's listing on the Singapore Exchange in Year 2000, Qian Hu has adopted a single leadership structure, where the Chairman of the Board and the CEO is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily

Details of the Board composition are as follows:

Corporate Governance Report (Cont'd)

hindered. The Board was of the view, at the point in time, that this was in the Group's best interest.

After 20 years of being a public-listed company, Qian Hu has identified a new CEO, as part of its renewal and succession programme, to take the Group to its next growth phase. With effect from 1 January 2021, the Executive Chairman and CEO, Mr Kenny Yap Kim Lee, has relinquished his CEO portfolio to Mr Yap Kok Cheng who is appointed the Group's new CEO. Mr Yap Kok Cheng is the nephew of Mr Kenny Yap Kim Lee.

Mr Kenny Yap Kim Lee continues to serve as the Executive Chairman of the Group. Mr Yap Kok Cheng reports to the Board lead by the Executive Chairman.

All major proposals and decisions made by the Executive Chairman and CEO are discussed and reviewed by the AC. Their performance and appointment are reviewed periodically by the NC and the remuneration packages are reviewed periodically by the RC. As the AC, NC and RC consist of all independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual (in FY 2020) or that a familial relationship exists between the Executive Chairman and the CEO (subsequent to FY 2020).

PROVISION 3.2

Role of Executive Chairman and CEO

Prior to 1 January 2021, the Group's Executive Chairman and CEO, Mr Kenny Yap Kim Lee, has always played an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. In addition to setting and implementing the business direction and strategies for the Group as endorsed by the Board, as well as the management oversight of the Group's performance, he is to ensure that each member of the Board and the Management works well together with integrity and competency.

As the Executive Chairman and CEO, he, with the assistance of the Company Secretary, schedules Board meetings as and when required and prepares the agenda for Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item, in particular strategic issues. He promotes an open environment for debate, and ensures that independent directors are able to speak freely and contribute effectively. In addition, he sets guidelines and exercise control over the quality, quantity, accurateness and timeliness of information flow between the Board and the Management. He plays a pivotal role in fostering constructive dialogue among stakeholders, the Board and the Management at various meetings. He also takes a leading role in ensuring the Group's drive to achieve and maintain a high standard of corporate governance practices with the full support of the Board, the Company Secretary and the Management.

With effect from 1 January 2021, as Executive Chairman, Mr Kenny Yap Kim Lee continues to lead the Board in its review of the Group's strategies for sustainable growth, ensuring the diversity of the Board, and providing guidance in the Group's post-pandemic recovery and transformation efforts.

With his new appointment as the Group's CEO on 1 January 2021, Mr Yap Kok Cheng has a strategic executive role in developing the Group's businesses and implementing the Board's decisions, while overseeing the day-to-day operations in Singapore and the region. In particular, he will continue to drive the Group's new growth segment – the Aquaculture business – which is expected to exceed the current core ornamental fish segment eventually.

PROVISION 3.3

Appointment of Lead Independent Director

Taking cognisance that the Chairman of the Board is also the CEO and thus not independent, the Board has designated a Lead Independent Director who serves as a sounding board for the Chairman and also as an intermediary between the non-executive independent directors and the Chairman. The Board has appointed Mr Tan Tow Ee as the lead independent director to co-ordinate and to lead the independent directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is available to shareholders should they have concerns cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels of the Chairman or the Management.

There were no query or request on any matters which requires the lead independent director's attention received in FY 2020.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

PROVISION 4.2

NC Composition and Role

The Board established the NC in July 2002 which comprises three non-executive directors, all of whom including the Chairman of the NC are independent. The lead independent director is one of the members of the NC.

Please refer to Provision 1.4 above on the names of the members and the composition of the NC.

The key written terms of reference of the NC are set out on page 81 of this Annual Report.

PROVISION 4.1

PROVISION 4.3

Board Renewal & Succession Planning

The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board appointments, re-appointments and oversee the Board succession and the leadership development plans of the key management personnel (KMP). Board renewal is a continuous process and is a crucial element of the Group's corporate governance process. In this regard, the NC reviews annually the composition of the Board and Committees, which includes size and mix, and recommends to the Board the selection and appointment of new directors with a view to identifying any gaps in the Board's skills set taking into account the Group's strategy and business operations. The NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

As part of the ongoing Board renewal process, Ms Soong Wee Choo joined the Board as an independent director in April 2020 upon the recommendation of the NC, in place of Mr Chang Weng Leong who had retired after serving on the Board for 20 years.

(more details are set out in the "Succession Planning" section on page 56 of this Annual Report)

Process for Selection and Appointment of New Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new directors.

When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy. The NC seeks potential candidates widely and beyond directors/management recommendations and is empowered to engage external parties, such as professional search firms and institutions, to undertake research on or assessment of candidates as it deems necessary.

The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as director.

The NC confirmed that it had observed the due process as described above in relation to the appointment of Ms Soong Wee Choo as director in FY 2020.

Process for Re-appointment of Directors

The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

All directors, including the Chairman, submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Pursuant to Regulation 91 of the Company's Constitution, one-third of the Board are to retire from office by rotation and be subject to re-appointment at the Company's AGM. In addition, Regulation 90 of the Company's Constitution stipulates that a director newly appointed by the Board during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, the director subject to be re-appointed at least once every three years at the Company's AGM.

The name and additional information of the director who is seeking re-election at the forthcoming AGM to be held on 29 March 2021 are set out on pages 175 to 177 of this Annual Report.

The Board recognises the contribution of its independent directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its independent directors to be able to retain the services of the directors, as necessary.

PROVISION 4.4

Continuous Review of Directors' Independence

The NC is charged with determining the independence of the directors as set out under Provision 2.1 above.

The Board, after taking into consideration the views of the NC, is of the view that Mr Tan Tow Ee, Ms Sharon Yeoh Kar Choo, Dr Ling Kai Huat and Ms Soong Wee Choo are independent and that, no individual or small group of individual dominates the Board's decision-making process.

During FY 2020, there was no alternate director on the Board.

PROVISION 4.5

Directors' Time Commitments

The NC ensures that new directors are aware of their duties and obligations. For re-nomination and re-appointment of directors, the NC takes into consideration the competing time commitments faced by directors and their ability to devote appropriate time and attention to Qian Hu.

Each director is required to confirm annually to the NC as to whether he or she has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention to his or her duties as a director of the Company. Based on the directors' annual confirmation and the directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Committee meetings, the NC and the Board are satisfied that all the directors were able to and have been adequately carrying out their duties as directors of the Company in FY 2020.

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for directors to consult the Executive Chairman and the Chairman of the NC with regard to accepting any new listed company board appointment or principal commitment and notifying the Board of any changes in their external appointments. This would allow the director to review his/her time commitments with the proposed new appointment and in the case of an independent director, to also ensure that his/her independence would not be affected.

Corporate Governance Report (Cont'd)

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

PROVISION 5.1

PROVISION 5.2

Board Evaluation Process

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has established a formal review process to assess the performance and effectiveness of the Board as a whole and of its Board Committees; as well as the contribution by the Chairman of the Board and each individual directors to the effectiveness of the Board.

The NC assesses the performance of the Board and its Board Committees annually, using objective and appropriate criteria which were recommended by the NC and approved by the Board. During the financial year, all directors completed a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board and its Board Committees performance and competencies so as to assess the overall effectiveness of the Board and its Board Committees. To ensue confidentiality, the completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the effectiveness of the Board and its Board Committees.

Following the review in FY 2020, the Board is of the view that the Board and its Board Committees operate effectively and that each director is contributing to the overall effectiveness of the Board and its Board Committees.

There was no external consultant involved in the Board evaluation process in FY 2020.

Board Evaluation Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and board committee performance in relation to discharging their responsibilities as set out in their respective terms of reference, and financial targets which include profit after tax, earnings per share, return on assets, debt-equity ratio, dividend payout ratio and total shareholder returns.

The primary objective of the board evaluation exercise is to create a platform for the Board and its Board Committees' members to provide constructive feedback on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and its Board Committees.

Chairman Evaluation

The evaluation of the Chairman of the Board is undertaken by the RC and the NC, and the results are reviewed by the Board.

The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board and that the time devoted to board meetings were appropriate and are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision-making by the Board. He has also to ensure that Board Committees formed were appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

Individual Director Evaluation

Individual director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman of the Board. Some factors taken into consideration by the NC and the Chairman of the Board include the value of contribution to the development of strategy, availability at board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry and business knowledge and experience each director possess which are crucial to the Group's business.

The individual director evaluation exercise assists the NC in determining whether to re-nominate directors who are due for retirement at the forthcoming AGM, and in determining whether directors with multiple board representations are able to and have adequately discharged their duties as directors of the Company.

Nonetheless, replacement of a director, when it happens, does not necessarily reflect the director's performance or contributions to the Board, but may be driven by the need to align the Board with the medium or long term needs of the Group.

When deliberating on the performance of a particular director who is also a member of the NC, that member abstains from the discussions to avoid any conflict of interests.

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

PROVISION 6.2

RC Composition and Role

The Board established the RC in July 2002 which comprises three non-executive directors, all of whom including the Chairman of the RC are independent.

Please refer to Provision 1.4 above on the names of the members and the composition of the RC.

The key written terms of reference of the RC are set out on page 80 of this Annual Report.

PROVISION 6.1

PROVISION 6.3

PROVISION 6.4

Remuneration Framework

The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policy and for determining the remuneration packages of individual directors and key management personnel (KMP). The RC recommends for the Board's endorsement, an appropriate remuneration framework which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each director and KMPs. The framework is review periodically to ensure that it remain relevant and effective.

In FY 2020, the RC reviewed and recommended to the Board the remuneration packages of the executive directors and the KMPs, which are within specific mandates sought from the Board.

The RC also reviewed the Company's obligations arising in the event of termination of the services of the executive directors and KMPs to ensure that the contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary.

There being no specific necessity, the RC did not seek the service of an external remuneration consultant in FY 2020.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

PROVISION 7.1

PROVISION 7.3

Remuneration of Executive Directors and KMPs

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the executive directors and KMPs commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO (together with other KMPs) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into consideration the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Executive directors do not receive directors' fees but are remunerated as members of Management. The remuneration packages of the executive directors and the KMPs is linked to the performance of the Group as a whole, as well as the individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance to promote the long-term sustainability of the Group.

Service contracts for executive directors, are for a fixed appointment period and do not contain onerous removal clauses.

Having reviewed and considered the variable components of the executive directors and KMPs, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the executive directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the executive directors in the event of such breach of fiduciary duties.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding a balance between the current and longer term objectives of the Company so as to be able to attract, retain and motivate talents without being excessive, and thereby maximise value for shareholders.

PROVISION 7.2

Remuneration of Non-Executive Directors

Non-executive directors have no service agreements (except for the letter of appointment) with the Company and their terms in office are specified in the Constitution. When reviewing the structure and level of directors' fees for the non-executive directors, the RC takes into consideration the directors' respective roles and responsibilities in the Board and its Board Committees and the frequency of Board and Board Committee meetings.

Each of the non-executive directors receives a base director's fee. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the Chairmen of the Committees receiving a higher fee in respect of their service as Chairman of the respective Board Committees.

Corporate Governance Report (Cont'd)

The structure of the fees payable to the non-executive directors of the Company for FY 2020 is as follows:

Appointment	Per annum
Board of Directors **- Base fee**	$8,000 (non-executive director only)
Audit Committee **- AC Chairman** **- AC Member**	$10,000 $6,000
Other Committees **- Chairman** **- Member**	$7,000 $5,000

The RC is mindful that the remuneration for non-executive directors should not be excessive so as not to compromise or reasonably be perceived to compromise their independence. No member of the RC is involved in deliberating and deciding in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

The Board concurred with the RC that the proposed directors' fees for the year ended 31 December 2020 is appropriate and not excessive, taking into consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

The Company currently does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or grant of options in place to encourage the non-executive directors to hold shares in the Company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

PROVISION 8.1

PROVISION 8.2

PROVISION 8.3

Remuneration Criteria

The compensation packages for employees including the executive directors and the KMPs comprised a fixed component (in the form of a basic salary) and a variable component (normally consist of cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

When determining the fixed and variable components, the individual performance is taken into consideration and remuneration recommendations are reviewed by the RC in the light of any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys. This is further reviewed along with the Group's performance, taking into consideration specific key performance indicators (involving financial and non-financial indicators) tracked over time as compared to the targets to be achieved by the Group based on its short and long term objectives. The Board exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Group. The overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Group's risk profile.

During the financial year, there was no termination, retirement or post-employment benefits granted to any director or KMP.

REMUNERATION TABLE

i) Remuneration of directors

The breakdown of the total remuneration of the directors of the Company for the year ended 31 December 2020 is set out below:

Name of Director	Salary	Bonus	Director's fees	Total remuneration
	$	$	$	$
Kenny Yap Kim Lee	304,560	-	-	304,560
Alvin Yap Ah Seng	274,080	-	-	274,080
Lai Chin Yee	276,000	24,860	-	300,860
Tan Tow Ee	-	-	30,000	30,000
Sharon Yeoh Kar Choo	-	-	26,000	26,000
Ling Kai Huat	-	-	26,000	26,000
Soong Wee Choo (appointed on 1 April 2020)	-	-	19,500	19,500
Chang Weng Leong (retired on 26 March 2020)	-	-	6,500	6,500
	854,640	**24,860**	**108,000**	**987,500**

- *The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund (CPF) contributions.*
- *The director's fees are subject to shareholders' approval at the Annual General Meeting.*

ii) Remuneration of key management personnel

The breakdown of total remuneration of the top five key management personnel of the Group (who are not directors) for the year ended 31 December 2020 is set out below:

Name of management personnel	Salary	Bonus	Allowances & benefits	Total remuneration
	$	$	$	$
Andy Yap Ah Siong *	276,240	-	-	276,240
Jimmy Tan Boon Kim	221,340	18,200	-	239,540
Yap Kim Choon **	188,160	-	-	188,160
Lee Kim Hwat	167,448	19,985	-	187,433
Low Eng Hua	154,320	13,560	-	167,880
	1,007,508	**51,745**	**-**	**1,059,253**

* *Mr Andy Yap Ah Siong is the brother of Mr Alvin Yap Ah Seng, an Executive Director and cousin of Mr Kenny Yap Kim Lee, the Executive Chairman & CEO.*

** *Mr Yap Kim Choon is the brother of Mr Kenny Yap Kim Lee, the Executive Chairman & CEO and cousin of Mr Alvin Yap Ah Seng, an Executive Director.*

- *The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund (CPF) contributions.*

iii) Remuneration of immediate family members of CEO and Executive Directors
(remuneration amounts exceed $100,000 per annum)

The breakdown of total remuneration of employees who are immediate family members of the CEO and the Executive Directors whose remuneration exceed $100,000 per annum for the year ended 31 December 2020 is set out below:

Name of Executive	Salary	Bonus	Allowances & benefits	Total remuneration
	$	$	$	$
Yap Ping Heng	102,480	-	-	102,480
Yap Hock Huat	102,480	-	-	102,480
Yap Kim Chuan	105,360	-	-	105,360
	310,320	**-**	**-**	**310,320**

Mr Yap Ping Heng, Mr Yap Hock Huat and Mr Yap Kim Chuan are brothers of Kenny Yap Kim Lee, the Executive Chairman & CEO and cousins of Mr Alvin Yap Ah Seng, an Executive Director.

The Company does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or options in place. The Board is of the view that such long-term incentive plan is not effective and that it is difficult to determine how much such form of deferred remuneration contributes to the retention of employees and to motivate their performance.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

PROVISION 9.1

Nature and Extent of Risks

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors or poor judgment in decision-making.

Risk assessment and evaluation has become an essential part of the business planning and monitoring process. The Group has put in place a documentation on its risk profile which summarises the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the Risk Management Committee (“RMC”) and the Board annually.

The documentation provides an overview of the Group’s key risks, the appropriate risk tolerance limits set for the respective risks, their likelihood of occurrence and the consequential impact to the Group as a whole. Having identified the risks that affect the achievement of the Group’s business objectives and/or financial performance, each business unit is required to document the mitigating actions in place and/or proposed in respect of each significant risk. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation.

Corporate Governance Report (Cont'd)

Having regard to the risks which the business is exposed, the likelihood of such risks occurring and the risk tolerance accepted by the Group, the internal controls structure of the Group has been designed and put in place by the Group's business units to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations.

An overview of the key risks, the extent of the Group's exposure and the approach to managing these risks are set out in the "Risk Management" section on pages 82 to 87 of this Annual Report.

RMC Composition and Role

The Board established the RMC in FY 2013 as part of the Group's efforts to strengthen its risk management processes and framework, in overseeing the formulation and reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls including financial, operational, compliance and information technology (IT) controls and reporting to the Board annually its observations on any matters under its purview.

Please refer to Provision 1.4 above on the names of the members and the composition of the RMC.

The key written terms of reference of the RMC are set out on page 81 of this Annual Report.

PROVISION 9.2

Assurance from the CEO, CFO and KMPs

The RMC reviewed and assessed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and information technology risks, with the assistance of the internal and external auditors and the Management.

For the financial year under review:-

(i) written assurance was received from the CEO and the CFO that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(ii) written assurance was received from the CEO and the KMPs that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks within the current scope of the Group's business operations.

Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, the reviews performed by the external and internal auditors, as well as the written representation by the Management, the Board, with the concurrence of the AC and the RMC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2020 to address the risks that the Group considers relevant and material to its operations.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharge its duties objectively.

PROVISION 10.2

AC Composition and Role

The Board established the AC in July 2000 which comprises four non-executive directors, all of whom including the Chairman of the AC are independent.

Please refer to Provision 1.4 above on the names of the members and the composition of the AC.

The key written terms of reference of the AC are set out on page 80 of this Annual Report.

The Chairman of the AC, Mr Tan Tow Ee and one other member of the AC, Ms Soong Wee Choo, possess the relevant accounting or related financial management knowledge and risk management expertise, while the other two AC members have regulatory and industrial background. With the current composition, the Board believes that the AC members are appropriately qualified to discharge their responsibilities as defined under the terms of reference, which has been approved by the Board.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any executive director or KMP to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC met three times in the financial year ended 31 December 2020 and all the executive directors are invited to attend the meetings. The AC meeting originally scheduled in April 2020 was cancelled due to the circuit breaker.

PROVISION 10.1

PROVISION 10.4

Financial Reporting Matters

The AC reviews the financial statements, SGXNet announcements and all related disclosures to shareholders before submission to the Board for approval. In the process, the AC reviews the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance so as to ensure the integrity and fairness of the financial statements.

The following areas are the key risks of misstatement of the Group's financial statements and how these matters were addressed:

Matters considered	Action
Valuation of biological assets - $8.0 million (10.3% of Group's total assets)	In order to satisfy that the carrying value of the biological assets, in the form of brooder stocks, was not materially misstated, the Audit Committee obtained assurance from the management that detailed impairment testing had been undertaken using appropriate methodology and assumptions. The primary inputs into the impairment testing are estimates of the projected cash flows derived from the expected production yield of the brooder stocks and the budgeted revenue growth of the breeder stocks (offspring of the brooder stocks), with the application of an appropriate interest rate in discounting these cash flows. In considering this matter, the Committee reviewed the impairment computations and the sensitivity analysis performed on the key assumptions. In addition, the Committee discussed with the external auditors on their review of the reasonableness and relevance of the assumptions used in the impairment assessment and the sensitivity analysis performed. Following these discussions, the Committee noted that the impairment review is sensitive to the changes in the key assumptions underlying the assessment, and that the estimated recoverable value of the brooder stocks is lower than the carrying amount. Accordingly, the Committee concurred with the management's decision in recognising an impairment loss of $2 million on brooder stocks in FY 2020 and concluded that the disclosures in the financial statements were appropriate.
Valuation of amount due from subsidiaries (Company level) - $18.1 million	Included in the amount due from subsidiaries balance as at 31 December 2020 was significant long outstanding amount due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("GZQH") amounted to approximately $9.5 million representing 52.3% of the amount due from subsidiaries balances, of which the recoverability of approximately $7.2 million was guaranteed by a major shareholder of the Company and a director of the Company. The Audit Committee assessed the reasonableness of the recoverability of the above amount, which premised on the financial strengths of the guarantors and the repayment plans as stipulated by GZQH. The Committee also considered the observations and findings presented by the external auditors with reference to the payment track records and on-going business relationship with GZQH. The above procedures provided the Committee with the assurance and concurred with the management's conclusion that no allowance for impairment on the above amount due from subsidiaries balance is required as at 31 December 2020 and that the disclosures in the financial statements were appropriate.
Impairment of Goodwill - $4.0 million (5.2% of Group's total assets)	The goodwill arising from the acquisition of GZQH during the financial year was tested for impairment by estimating the recoverable amount of the cash-generating-unit ("CGU"), whereby the management applied the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGU. The Audit Committee discussed with the external auditors on the robustness of the methodology used and reviewed the value-in-use computations, incorporating reasonably possible changes to the key assumptions, and evaluated the outcome of the sensitivity analysis prepared by management. The Committee has also deliberated the management's view on the future prospects and business outlook of GZQH. As a result of the above procedures, the Committee concurred with the management's conclusion that no impairment charge was required as at 31 December 2020 and that the valuation of goodwill and the disclosures in the financial statements were appropriate.

Internal Controls & Regulatory Compliance

The AC reviews the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with Management and its auditors and report to the Board annually.

The AC reviews the assurance from the CEO and the CFO on the financial records and financial statements.

External Audit

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.

The AC undertook the review of the independence and objectivity of the external auditors, KPMG LLP ("KPMG"), through discussions with the external auditors as well as reviewing the non-audit services provided and the fees paid to them. During FY 2020, there was no non-audit related work carried out by the external auditors; hence, there was no fee paid in this respect. Based on the review, the AC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory audit.

The fees payable to auditors is set out on page 149 of this Annual Report.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to shareholders' approval at the AGM of the Company.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2021, the AC has considered the adequacy of the resources, experience and competence of KPMG, and has taken into account the Accounting and Corporate Regulatory Authority's (ACRA) Audit Quality Indicators

Corporate Governance Report (Cont'd)

Framework relating to KPMG at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and its ability to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC is satisfied with the standard and quality of work performed by KPMG. It has recommended to the Board the nomination of KPMG for re-appointment as external auditors at the forthcoming AGM of the Company.

The Company has complied with Rules 712 and Rule 715 (read with Rule 716) of the Listing Manual of the SGX-ST in relation to the appointments of its external auditors. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent auditors, other than those of the Company.

Internal Audit

The primary role of internal audit is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, reviewing the internal controls of the Group to ensure prompt and accurate recording of transactions and proper safeguarding of assets and reviewing that the Group complies with the relevant laws, regulations and policies established.

The internal audit function plans its internal audit schedule in consultation with, but independent of the Management. The AC examines the internal audit plan, determines the scope of audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function. In addition, the internal auditors may be involved in ad-hoc projects initiated by the Management which require the assurance of the internal auditors in specific areas of concerns.

The internal audit function of the Group is out-sourced to EisnerAmper PAC Singapore (formerly known as Saw Meng Tee & Partners PAC) since financial year ended 31 December 2013. The internal auditors report primarily to the Chairman of the AC and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that resources are adequate and that the internal audits are performed effectively. It approves the appointment, termination, evaluation and the remuneration of the internal auditors.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced independent professionals with the relevant experience to perform its function effectively.

Whistle blowing Policy

The Company has established a Code of Conduct and Business Ethics that sets the principles of the code of conduct and business ethics which applies to all employees of the Group. This code covers areas such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest, etc. Directors, KMPs and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and the law and regulations of the countries in which it operates.

The Group has put in place a whistle blowing framework, endorsed by the AC, which provides the mechanisms where employees may, in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to Ms Soong Wee Choo, Chairman of the RC. Details of the whistle blowing policies, together with the dedicated whistle blowing communication channels (such as emails address and telephone contacts) have been made available to all employees. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law or victimisation for whistle-blowing in good faith. Anonymous reporting will also be attended to and anonymity honoured.

The whistle blowing policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

There were no reported incident pertaining to whistle blowing during FY 2020 and until the date of this Annual Report.

PROVISION 10.3

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

PROVISION 10.5

Meeting Auditors without the Management

The AC meets with the external auditors and the internal auditors, at least once a year, without the presence of the Management, to review any matter that might be raised. These meetings enable the auditors to raise any issues in the course of their work directly to the AC.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

PROVISION 11.1

PROVISION 11.2

Conduct of General Meetings

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNet.

In order to provide ample time for the shareholders to review, the notice of AGM, together with the Annual Report 2020, is distributed to all shareholders 28 days before the scheduled AGM date.

All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM. Each share is entitled to one vote. In support of greater transparency and to allow for a more efficient voting process, the Company has been conducting electronic poll voting since the 2016 AGM. An external firm is appointed as scrutineers for the AGM voting process, which is independent of the firm appointed to undertake the electronic poll voting process.

Through the service provider's poll voting system, the voting results of all votes cast in respect of each resolution are instantaneously displayed "live" on screen after each poll is conducted at the AGM. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages are announced via SGXNet after the AGM.

The resolutions tabled at the general meetings are on each substantially separate issue, including treating the election or re-election of each director as a separate subject matter. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the Notice of AGM in the Annual Report.

AGM – March 2021

In view of the current COVID-19 situation in Singapore, the forthcoming AGM to be held in respect of FY 2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, will be put in place for the AGM to be held in March 2021.

PROVISION 11.3

Interaction with Shareholders

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the directors and the Management questions regarding matters affecting the Company and the Group.

The Executive Chairman, all the directors (including the Chairpersons of the AC, RC, NC and RMC) and the external auditors, KPMG, were present at the Company's AGM held on 26 March 2020. They will endeavour to be present at the forthcoming virtual AGM to be held in March 2021.

PROVISION 11.4

Shareholders' Participation

The Company supports active shareholder participation at general meetings. Annual reports are distributed to all shareholders 28 days before the scheduled general meeting date. All shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions. If shareholders are unable to attend the meetings, the Constitution of the Company allows for shareholders who are not relevant intermediaries to appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings.

Voting in absentia such as voting via mail, electronic mail or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

PROVISION 11.5

Minutes of General Meetings

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the resolutions tabled for approval and/or ask the directors or the Management questions regarding the Company and its operations.

Since FY 2003, the Board has developed several channels, which include electronic mail or facsimile, for shareholders who are not able to attend the AGM to contribute their feedback and inputs. The detailed AGM minutes, which include comments and the questions raised by shareholders, together with the responses from the Board and the Management, are publicly available on both the SGXNet and the Company's corporate website within three working days from the date of the meeting.

Corporate Governance Report (Cont'd)

PROVISION 11.6

Dividend Policy

Qian Hu is committed to rewarding shareholders fairly and sustainably, balancing the payment of dividends while taking into consideration the Group's financial performance, cash flow generation, projected capital requirements for business growth and general global economic condition, so as to ensure that the best interests of the Company are served.

It has formalised its dividend policy to provide a return to shareholders at least once a year through the payment of dividends, which aims to pay shareholders sustainable and growing dividend over time, consistent with its long-term growth prospects. In the event that no dividend is declared, the reasons for such will be disclosed in accordance with the Listing Manual of the SGX-ST.

The Board of directors has declared a final dividend of 0.2 Singapore cents per ordinary share for the financial year ended 31 December 2020 (FY2019: 0.3 Singapore cents per ordinary share).

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

PROVISION 12.1

PROVISION 12.2

PROVISION 12.3

Disclosure of information on timely basis

Qian Hu is firmly committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its shareholders' views and addressing their concerns. By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility.

The Company discloses well in advance the date of release of its financial results in the Annual Report of the preceding year and confirms approximately two weeks prior to the actual date of the release through a SGXNet announcement.

On 7 February 2020, the SGX's rule on risk-based quarterly reporting came into effect, whereby listed companies may, unless otherwise required by the SGX, report their results semi-annually. Accordingly, the Company has moved to semi-annual reporting of its financial performance with effect from FY 2020. The unaudited half-year results and audited full-year results were released to shareholders within 20 days (on 17 July 2020) and 15 days (on 12 January 2021) from the end of the respective reporting periods. All SGXNet financial statements announcements were accompanied by a press release in both the English and Chinese languages. There was no media and analysts briefing held in conjunction with the release of the Company's FY 2020 financial results on 12 January 2021 due to the ongoing safe management measures amidst the COVID-19 situation.

Outside of the financial announcement periods, when necessary and appropriate, the CEO will meet analysts and fund managers who like to seek a better understanding of the Group's operations. The CEO also engages with local and foreign investors to solicit feedback from the investment community on a range of strategic and topical issues which should provide valuable insights to the Board on investors' views. When opportunities arise, the CEO conducts media interviews to give its shareholders and the investors' public a profound prospective of the Group's business prospects.

Investor Relations Practices

The Company has a team of investor relations (IR) personnel who focus on facilitating the communications with all stakeholders – shareholders, regulators, analysts and media, etc – on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance.

To enable shareholders to contact the Company easily, the contact details of the IR personnel are set out on page 15 of this Annual Report as well as on the Company's corporate website. The IR personnel have procedures in place for following up and addressing stakeholders queries as soon as practicable.

Full details of the Group's investor relations (IR) initiatives are set out on page 60 of this Annual Report.

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

PROVISION 13.1

PROVISION 13.2

Stakeholders' Engagement

Since FY 2011, Qian Hu has started a sustainability framework that outline our sustainability efforts. In FY 2020, the Group has reported sustainability performance in accordance with the SGX-ST's Sustainability Report Guide, with reference to the core option of the Global Reporting Initiatives (GRI) framework.

Qian Hu has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address their concerns so as to improve the services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Six stakeholders groups have been identified through an assessment of their significance to the Group's business operations. They are namely, suppliers, customers, employees, community, investors and regulators.

The Group has also undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

More details on Qian Hu's approach to stakeholder engagement and materiality assessment are disclosed on pages 42 and 43 of this Annual Report.

Having identified the stakeholders and the material issues, it has provided the necessary guidance on the key areas of focus and the prioritisation of resources for the various sustainability initiatives.

Please refer to the Sustainability Report on pages 40 to 90 of this Annual Report for further details.

PROVISION 13.3

Corporate Website

The Company does not practice selective disclosure of material information. All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet, press releases and the Company's corporate website – www.qianhu.com.

The comprehensive website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders. It has a dedicated "Investor Relations" link which features the latest and past annual reports, financial results, and related information.

VI. OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN SECURITIES - Listing Manual Rule 1207(19)

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST on best practices in respect of dealing in securities, the Group has in place an internal compliance policy which prohibits the directors, key management personnel of the Group and their connected persons from dealing in the Company's shares during the "black-out" period – being one month immediately preceding the announcement of the Company's half-year and full-year results, or if they are in possession of unpublished price-sensitive information of the Group.

In addition, directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also refrained from dealing in the Company's shares on short-term considerations.

All directors are required to seek Board's approval before trading in the Company's shares and are also required to notify the Company Secretary of any change in his interest in the Company's shares within two business days of the change.

During FY 2020, there was no trading of the Company's shares by insiders.

MATERIAL CONTRACTS - Listing Manual Rule 1207(8)

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, there was no material contract involving the interests of any director or controlling shareholder entered into by the Company or any of its subsidiaries since the end of the previous financial year ended 31 December 2020. There was no such contract subsisted at the end of the financial year under review.

INTERESTED PERSON TRANSACTIONS - Listing Manual Rule 907

To ensure compliance with Chapter 9 of the Listing Manual of the SGX-ST, the AC, as well as the Board, meets quarterly to review if the Company will be entering into any interested person transactions. If the Company is intending to enter into an interested person transaction, the AC and the Board will ensure that the transaction is carried out fairly and at arm's length based on normal commercial terms and will not be prejudicial to the interest of the Company and its non-controlling shareholders.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST. Disclosure of interested person transactions is set out on pages 152 and 153 of this Annual Report. There were no interested person transactions entered into by the Group in excess of $100,000 during the financial year under review.

Corporate Governance Report (Cont'd)

APPENDIX – BOARD COMMITTEES' DUTIES AND RESPONSIBILITIES

AUDIT COMMITTEE

- Review financial statements and formal announcements relating to financial performance, as well as discuss major risk areas and significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements before submission for Board approval.
- Review and report to the Board annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management system.
- Review the assurance from the CEO and the CFO on the financial records and financial statements.
- Review the external auditors' proposed audit scope and approach and ensure that no unjustified restrictions or limitations have been placed on the scope.
- Review the adequacy, effectiveness and the results of the external audit, and where external auditors provide non-audit services, to review the nature, extent and cost of such services and the independence and objectivity of the external auditors.
- Review the internal audit programme with regard to the complementary roles of the external and internal audit functions.
- Review the adequacy, effectiveness, independence, scope and results of the internal audit procedures.
- Receive reports of the external and internal auditors, and ensure that the significant findings and recommendations are discussed and addressed on a timely basis.
- Meet with external auditors and internal auditors, without the presence of management, at least annually, to discuss any problems and concerns.
- Review the co-operation given by the Group and its management to the external and internal auditors.
- Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors.
- Approve the hiring, removal evaluation and compensation of the outsourced internal audit function.
- Review the policy and arrangements by which employees and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
- To review any potential conflicts of interests that may arise in respect of any directors and/or controlling shareholders of the Company for the time being.
- Review and recommend for the Board's approval, all interested person transactions, as specified under Chapter 9 of the Listing Manual, to ensure that the transactions have been conducted on normal commercial terms and are not prejudicial to the interests of the Company and its non-controlling shareholders.
- Investigate any matters within the Audit Committee's purview, whenever it deems necessary.
- Perform such other functions as the Board may determine.

REMUNERATION COMMITTEE

- Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each director (executive and independent), as well as for the key management personnel.
- Review the on-going appropriateness and relevance of the remuneration policies.
- Review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
- Perform such other functions as the Board may determine.

Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, award of shares or any form of benefits to be granted to him/her.

NOMINATING COMMITTEE

- Review the nominations and recommend to the Board the appointment and re-appointment of directors.
- Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and determine the suitable size of the Board which would facilitate decision-making after taking into consideration the scope and nature of the operations of the Group and recommend adjustments that are deemed necessary to the Board.
- Annual review of independence of each director and to ensure that the Board comprises at least one-third independent directors. In this connection, the Nominating Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his first appointment.
- Where a director has multiple listed company board representations and/or other principal commitments, to decide whether the director is able to and has been adequately carrying out his duties as director of the Company.
- Recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director.
- Annual assessment of the effectiveness of the Board as a whole and of the individual directors.
- Review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman and CEO) and key management personnel.
- Review the training and professional development programmes for board members.
- Perform such other functions as the Board may determine.

RISK MANAGEMENT COMMITTEE

- Receive recommendations on risk tolerance and strategy from management, and where appropriate, report and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the Group's overall levels of risk tolerance and risk policies.
- Review and discuss, as and when appropriate, with management on the Group's risk governance structure and its risk policies and risk mitigation and monitoring processes and procedures.
- Receive and review reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.
- Review the Group's capability to identify and manage new risk types.
- Review and monitor the Group's approach to ensure compliance with the regulatory commitments, including progress of remedial actions where appropriate.
- Provide timely input to the Board on critical risk and compliance issues, material matters, findings and recommendations.
- Assist the AC in forming the opinion on the adequacy and effectiveness of the Group's risk management systems by providing insight and outcome of review and discussion of the RMC.
- Perform such other functions as the Board may determine.

Risk Management

The Board is responsible for determining the nature and extent of the risks it is willing to take in order to achieve its objectives and has implemented a comprehensive risk management framework to help it do so. By managing the risks in a professional and consistent way, we aim to prevent risks from impacting our business, or to enable us to respond promptly and decisively when they do, which gives us confidence in our ability to achieve our strategic objectives and support the long-term sustainable growth of our business.

Risk management forms an integral part of business management. The Group's risk and control framework is designed to provide reasonable assurance that business objectives are met by embedding management control into daily operations to achieve efficiency, effectiveness and safeguard of assets, ensuring compliance with legal and regulatory requirements, and ensuring the integrity of the Group's financial reporting and its related disclosures. It makes management responsible for the identification of critical business risks and the development and implementation of appropriate risk management procedures to address these risks. The risk management and control procedures are reviewed and updated regularly to reflect changes in market conditions and the activities of the Group.

The Group takes a balanced approach to risk management, recognising that not all risks can be eliminated. To optimise returns for the Group, it will only undertake appropriate and well-considered risks.

The Group's risk management process consists of identification, assessment, formulation of mitigation measures, communication and implementation, and monitoring and review. The process takes into consideration both the impact and likelihood of the risks identified.

IDENTIFY	Identify the risks and opportunities that may impede or expedite our ability to achieve our ignite strategic objectives.
ASSESS	Prioritise our risks according to a consistent set of definitions, considering both the impact and the likelihood of occurrence, allowing us to focus on our mitigation plans.
MITIGATE	Take action to address the risks we face either to control the likelihood of the risks crystallising or mitigate the impact if they do and bring our risk profile in line with the Board's risk appetite.
IMPLEMENT	Communicate and deliver on-going support for the implementation of the necessary action plans.
MONITOR	Maintain an up-to-date assessment of risks and ensure that mitigating actions are taken in a timely way.

The following set out an overview of the key risks faced by Qian Hu, the nature and the extent of the Group's exposure to these risks and the mitigating actions in place that we believe could help in managing these risks. In the year under review, we are satisfied that there were no risks that could affect the ability of the Group to continue as a going concern in the next twelve months.

BUSINESS AND STRATEGY RISKS

Business and strategy risks refer to factors affecting businesses such as customer demand, revenue attainment, macroeconomic conditions, competition and regulatory environment. They are normally managed by the respective divisions and subsidiaries within the Group in their pursuit of growth and meeting earnings target.

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Strategy and investment risk • The Group grows businesses through organic growth of its existing activities, development of new capabilities (e.g. product innovation) and through new ventures (e.g. aquaculture business) with business partners; hence; it is exposed to risks associated with its expansion plans, including the financial burden of setting up new businesses and dealing with unfamiliar rules and regulations in foreign jurisdictions. • The investment timeframe and the budgets for such expansion plans will be exceeded and that the parameters set will not be achieved.	• Business proposals and investment activities are evaluated through the performance of due diligence exercise and where necessary, supported by external professional advice, to ensure that they are in line with the Group's strategic focus and that they meet the relevant rate of financial returns, taking into consideration other relevant risk factors. • All business proposals are reviewed by the senior management before obtaining final Board approval. • Investments are monitored to ensure that they are on track in meeting the Group's strategic intent, investment objectives and returns.
Market and political risk • The Group currently operates in five countries with assets and activities spreading mainly across the Asia Pacific. The subsidiaries in these countries are exposed to changes in government policies and regulations, as well as unfavourable political developments, which may limit the realisation of business opportunities and investments in those countries. • The Group's business operations are exposed to economic uncertainties that continue to affect the global economy and international capital markets.	• Consistently keep up-to-date on the potential changes in political, economic and industrial developments so as to be able to anticipate and/or respond to any adverse changes in market conditions in a timely manner. • As at 31 December 2020, approximately 30% of the Group's assets are located overseas, while revenue from its overseas' customers constitute approximately 70% of the total revenue in FY 2020. As the Group currently exports to more than 80 cities and countries, the effect of greater geographical diversification reduces the risk of concentration in a single market.
Regulatory risk • The Group's operations are subject to changes in prevailing laws and regulations in their respective jurisdictions, particularly in areas of corporate law, environment law, and possible local government interventions impacting the industry.	• Maintain close working relationships with respective local authorities and business partners so as to keep abreast with any changes and/or material regulatory development. • All necessary certificates and licences are obtained and renewed on a timely basis in accordance with applicable laws and regulations.
Competition risk • With increasing competition, the Group may possibly lose its competitive edge due to new market entrants or with the growth of existing competitors as well as the emerging of new and better receptive products.	• Strive to strengthen competitiveness through product differentiation, market positioning, and leveraging on brand name while consistently monitoring and responding to market dynamics. • Conscientious efforts are made in attaining high quality products and services while sustaining operational efficiency to improve its competitiveness, productivity and profitability. • Invest perpetually in research and development activities to develop more innovative accessories products with in-house proprietary technology so as to enhance its market competitiveness.

Risk Management (Cont'd)

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Reputation risk • The Group may face negative publicity or diminution in public confidence if there are mishandling of transactions or events.	• Instilled an open communication programme to ensure timely and effective communication of key information with its stakeholders (such as customers, public media, regulators, investor community, etc). It has a proven track record and reputation associated with its investor relations efforts which has won itself many awards in various aspects. • Clear corporate mission statements and guiding principles are in place and communicated to all employees within the Group so as to uphold the reputation of the Group.
Business continuity risk • The Group may encounter unforeseen circumstances, including internal and external threats, which can prevent the continuation of its business operations such as during crisis or disasters.	• Focus on refining its business continuity management, including the setting up of an operational prevention and recovery framework, so as to ensure that it can continue to maintain its competitive advantage, maximise value for its stakeholders, as well as minimise any disruptions to its critical business activities, people and assets. • Crisis management and communication procedures are in place and refined constantly to allow for prompt responses and expedite recovery so as to enhance the resilience of the Group to potential business interruptions and to safeguard critical business functions from major risks. • Implemented business continuity plans to minimise disruptions to the operations and supply chain while the full impact of the COVID-19 outbreak is still unfolding. The Group will continue to assess and respond to the evolving situation with proactive implementing measures to mitigate the impact.

OPERATIONAL RISKS

Operational risks refer to persons, processes, products, information technology and practices in the business activities which may not operate as designed or planned.

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Product risk • Ornamental fish, like other livestock, is susceptible to disease and infection. • Products and services offered by the Group may fail to meet customers' needs and expectations due to its functionality or quality, which can be damageable to the brand integrity.	• Different breeds of fishes are vulnerable to different types of diseases. While it is possible that a rare or virulent strain of bacteria or virus may infect a particular breed of fish in the farm, fatal infection across breeds at any one point in time is uncommon. • Institutionalised a comprehensive health management and quarantine system for all domestic and overseas operations to ensure a consistently high standard of good health care management and hygiene for the fishes. Currently, all domestic and overseas fish operations have attained ISO certifications, including the breeding of Dragon Fish. • Integrated in-house R&D team to focus on research of Dragon Fish breeding behaviour, product innovation technology for aquarium accessories and new form of ornamental fish farming technology to attain product differentiation and diversification, as well as to address quality issues. • Diversified in both its products and markets by selling over 1,000 species and varieties of ornamental fish and more than 3,000 kinds of accessories products to more than 80 cities and countries and are not solely reliant on the sale of any particular species of fish or type of accessories products.
Climate change and environmental risk • Climate change and environmental risk is a growing concern. The recent spate of natural catastrophes and the continuing threat of future occurrences, especially in the past few years, may disrupt the Group's fish breeding/ farming activities and/or logistics arrangements, resulting in economic losses.	• Embark on strategic reviews on key areas, such as infrastructure and logistics, to minimise the business impact of untoward events. • Explore the feasibility of pursuing high-end aquaculture, such as bio-secured farming of selected fish species, to mitigate and manage risks relating to adverse weather conditions, and to ensure consistent supply of these fish species. • Develop more proactive measures and environmental practices and continue to embrace and leverage on technology to improve processes.

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Operational processes risk • Possible breakdown in internal process, deficiencies in people and management, or operational failure arising from external events could resulted in potential loss to the Group.	• Minimise unexpected losses and manage expected losses through a series of quality and people management programs, as well as through business continuity planning. • Operating manuals, standard operating procedures and the delegation of authority matrix are in place. • On-going efforts to streamline business processes and adopt ISO standards and certifications to achieve standardisation of processes and best practices. • Conduct regular reviews of policies and authority limits to ensure its relevance in meeting changing business environment.
People risk • The Group depends on the service of good personnel for business continuity. While no individual is indispensable, the loss of specialised skills and the leadership of the key management personnel, could result in business interruptions and a loss in shareholders' confidence. • Succession plan execution is a challenge given the size of the Group.	• Benchmark and review the competitiveness of the remuneration package on a periodic basis. • Provide a cohesive environment under which employees could develop their potential and career path so as to ensure that human capital is nurtured and retained. • Set up a non-discriminatory reward framework linked to individual performance. • Has since put in place a structured succession planning program to identify and develop a team of potential employees based on their merit, who can take Qian Hu to the next lap of growth. The training of a team of next-generation leaders for key positions is critical to the continuity of the business which should last beyond this generation.

FINANCIAL RISKS

Financial risks arise from volatility in the underlying financial market and include factors such as interest rates, foreign exchange and equity prices.

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Interest rate risk • The Group is exposed to interest rate fluctuations from external borrowings.	• Monitor interest rate trends on an on-going basis with the objective of limiting the extent to which the Group's results could be affected by an adverse movement in interest rate. • Cash balances are placed with reputable banks and financial institutions. For financing obtained through bank borrowings and finance lease arrangements, it is the Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure.
Credit risk • The Group may suffer potential financial loss resulting from the failure of customers or counterparties to settle their financial and contractual obligations as and when they fall due.	• Standard procedures in place which includes the application of credit approvals, performing credit evaluations, setting credit limits and the monitoring of credit risk on a regular basis. Cash terms or advance payments are required for customers with lower credit standing. • None of the Group's customers or suppliers contributes more than 5% of its revenue and purchases. It is the Group's policy to sell to a diversity of creditworthy customers to reduce concentration of credit risk. • While the Group faces the normal business risks associated with ageing collections, it has adopted a prudent accounting policy of making provisions once trade receivables are deemed not collectible. Major collectible issues are highlighted to all concerned.

Risk Management (Cont'd)

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Liquidity risk	
• Renewal or additional financing made available to the Group on favourable terms is subject to prevailing global and local economic conditions, credit and capital market sentiments.	• Monitor working capital requirements and maintain a level of cash and cash equivalents deemed adequate to mitigate the effects of fluctuations in cash flows, as well as to ensure that the Group has sufficient funds to meet its contractual and financial obligations as and when they fall due. • Cash flow projections and available bank facilities are reviewed regularly to ensure efficient management of liquidity position. • Enhance ability to generate cash from operating activities so as to improve the Group's cash position; hence, reducing liquidity risk.
Foreign exchange risk	
• The foreign exchange risk of the Group arises from sales, purchases and borrowings that are denominated in currencies other than Singapore dollars. • Exchange gain or loss may also arise when the assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting purposes.	• Continuous monitoring of the exchange rates of major currencies and may enter into hedging contracts with banks from time to time whenever the management detects any movements in the respective exchange rates which may impact the Group's profitability. • Natural hedging is used extensively, including the matching of sales and purchases of the same currency and amount where practicable. • Foreign currencies received are kept in foreign currencies bank accounts which are converted to the respective measurement currencies of the Group's companies on a need-to basis so as to minimise foreign exchange exposure. • Currency translation risk (especially for reporting purposes), which is inherent for operations outside Singapore, is non-cash in nature and therefore not hedged.
Capital structure risk	
• Insufficient capital structure could impact the Group's ability to provide appropriate returns to the shareholders.	• The capital structure of the Group consists of loans and borrowings, issued share capital and retained earnings. Regular review are performed to ensure optimal capital structure taking into consideration future capital requirements and capital efficiency, prevailing operating cash flow and profitability, as well as projected capital expenditure of the Group. • In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new bank borrowings, sell its assets to reduce external borrowings, adjust the amount of dividend payout or return a portion of capital to its shareholders.
Financial management risk	
• Rely on self- assessment, review and reporting process to ensure that transactions are carried out in conformity with accounting standards and the Group's accounting policies and that the internal controls over financial reporting are adequate and effective. • The system may not prevent or detect all frauds or misstatements in a timely manner, especially with changes in conditions and operations which may cause the system effectiveness to vary from time to time.	• Formalise operating manuals and standard operating procedures. • Internal controls over financial reporting are reviewed regularly to ensure proper financial discipline and compliance with established Group's policies and guidelines. • External and internal audit reviews carried out annually on the controls and procedures in place also serves as a platform to highlight any irregularities.
Derivative financial instrument risk	
• Market conditions may move against the Group's assumptions at the time of hedging the transactions.	• The Group does not hold or issue derivative financial instruments for trading purposes.

COMPLIANCE RISKS

Compliance risks are the current and prospective risks arising from violation of, or non-conformance with laws, rules, regulations, or ethical standards.

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Compliance risk	
• As a listed company incorporated in Singapore with overseas subsidiaries in various countries, the Group is obligated to comply with all the local statutory and regulatory requirements, such as the Singapore Exchange Listing Manual requirements and the Companies Act, etc. Nonetheless, the rapid changes in laws and regulations and practices in different jurisdictions has made compliance more complicated. • Fraud or deliberate wrongful act committed within the Group can result in financial loss.	• Implement effective compliance frameworks, which include putting in place the relevant internal controls processes, policies and procedures, delegation of authority matrix, risk management initiatives and corporate governance practices to monitor the level of compliance so as to minimise the level of lapses. • Establish internal guidelines (Code of Business Ethics and Conduct) and anti-corruption polices have been defined and put into practice for which employees are accountable for compliance. • Align our policies and procedures as reasonable and practical with the requirements of best practice accredited framework, systems and industry standards. • Maintain effective whistle blowing and well-defined communication channels, whereby employees and other stakeholders could raise concerns on any unethical, fraudulent, or corrupt practices, in good faith, without fear of retaliation, for investigation and action subject to applicable laws.
Data protection and privacy risk	
• Data privacy breaches may undermine customer confidence and result in litigation from customers and/or regulatory fines and penalties.	• Ensure compliance with applicable data protection laws and perform regular reviews to refine practices. • Implement security policies, procedures, technologies and tools designed to minimise the risk of privacy breaches. (For more information on the management of personal data, please refer to the data privacy policy on the Qian Hu website) • Conduct awareness training to ensure that employees who handle personal data in the course of their work are mindful of data protection principles and are equipped with the right knowledge to carry out good protection practices in their day-to-day activities. • Establish an escalation process for incident management to ensure timely response, internally or externally, to minimise impact.

INFORMATION TECHNOLOGY RISKS

Information technology (IT) risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fire, storms or floods.

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Cyber security risk	
• The Group is imperiled to a full range risks, presented in various forms, associated with its IT system, including disruptions to the network. • Increasing global incidence of cyber-attacks on company servers and websites demonstrates the need to reinforce and tighten the security of the Group's IT systems and avoid breach. • Cyber-attacks can disrupt operations and the resulted cyber thefts of sensitive and confidential information could lead to litigations and financial losses.	• Adopt necessary and up-to-date IT controls and governance practices, including the strengthening of network security such as updating security patches to the system and encrypting workstations. • Put in place appropriate measures to safeguard against loss of information, data security, as well as to ensure the continuity of the Group's business activities and its prompt recovery from an IT crisis. • Conduct regular training for users to educate and heighten awareness of cyber threats.

GRI Standards Content Index

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Energy			
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GRI 303: Water and Effluents 2018 Management Approach Disclosures	303-1	Interactions with water as a shared resource	44, 46
	303-2	Management of water discharge impacts	46
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	303-4	Water discharge	46
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	403-2	Hazard identification, risk assessment, and incident investigation	55
	403-3	Occupational Health Services	55
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	403-5	Worker training on occupational health and safety	55
	403-6	Promotion of worker health	55
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	55
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	103-3	Evaluation of the management approach	53
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GRI Standard	Disclosure		Page No.
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Directors' Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 101 to 169 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance and changes in equity of the Group and the Company, and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Kenny Yap Kim Lee
Alvin Yap Ah Seng
Lai Chin Yee
Tan Tow Ee
Sharon Yeoh Kar Choo
Ling Kai Huat
Soong Wee Choo Appointed on 1 April 2020

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the 'Act'), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings in the name of the director			Holdings in which the director is deemed to have an interest		
	1/1/2020	31/12/2020	11/1/2021	1/1/2020	31/12/2020	11/1/2021
The Company						
Ordinary shares						
Kenny Yap Kim Lee	3,500,000	3,500,000	3,500,000	–	–	–
Alvin Yap Ah Seng	3,951,138	3,951,138	3,951,138	–	–	–
Lai Chin Yee	80,350	80,350	80,350	–	–	–
Tan Tow Ee	50,000	50,000	50,000	–	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

The Singapore Exchange Listing Manual requires a company to provide a statement as at the 21st day after the end of the financial year, showing the direct and deemed interests of each director of the Company in the share capital of the Company. As the Directors' Statement of the Company is dated 12 January 2021, the Company is unable to comply with the 21 days' requirement. However, for the purpose of best practice, the Company has disclosed the direct and deemed interests of each director of the Company at the last business trading day before the date of the Directors' Statement.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

As at the end of the financial year, no options or warrants to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or its subsidiaries.

No warrants or options to take up unissued shares of the Company or its subsidiaries were outstanding as at the end of the financial year.

Audit committee

At the date of this statement, the Audit Committee comprises the following members, all of whom are non-executive and independent:

- Tan Tow Ee (Chairman of the Audit Committee)
- Sharon Yeoh Kar Choo
- Ling Kai Huat
- Soong Wee Choo

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held three meetings since the last Directors' Statement. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external auditors;

- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Directors' Statement (Cont'd)

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Kenny Yap Kim Lee
Director

Alvin Yap Ah Seng
Director

12 January 2021

Independent Auditors' Report

Members of the Company
Qian Hu Corporation Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Qian Hu Corporation Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 101 to 169.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and the financial performance and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report (Cont'd)

Members of the Company
Qian Hu Corporation Limited

<table>
<tr><th colspan="2">Valuation of biological assets
Refer to Note 5 to the financial statements</th></tr>
<tr><td>The key audit matter

The Group holds a significant amount of biological assets in the form of brooder stock of dragon fish. Brooder stock is carried at cost less accumulated depreciation and impairment.

The prevailing oversupply of dragon fish continues to exert downward pressure on the selling prices of dragon fish. This presents a risk that the brooder stock balance may not be recoverable. Consequently, management conducted an annual impairment assessment on its brooder stock. This involved a comparison of the carrying value of the brooder stock to its recoverable amount determined based on the value-in-use (discounted cash flow) method.

Forecasting future cash flows is a judgemental process which involves making assumptions on production yield, growth rates and determining the appropriate discount rate. As such, the recoverable amount of brooder stock is a key audit matter.

Management has assessed the recoverability of the brooder stock and having considered other qualitative factors such as weather conditions and economic outlook relating to the brooder stocks, the Group recognised an impairment loss of $2 million for the financial year ended 31 December 2020.</td>
<td>How the matter was addressed in our audit

We reviewed the key assumptions used in the cash flow projection supporting the value-in-use calculations to arrive at the recoverable amount of the brooder stock. We challenged management's estimates of the production yield and growth rates used in the cash flow projections by corroborating to past performance and/or relevant market data. We reviewed the reasonableness of the discount rate applied and assessed if it was derived based on comparable market data and contains relevant factors reflecting the current uncertainties and risks to the Group's business.

We tested the mathematical accuracy of the discounted cash flow model and evaluated the sensitivity of the outcomes by considering reasonably plausible changes to the key assumptions.

We evaluated the appropriateness of the relevant disclosure in relation to the valuation of biological assets.</td></tr>
<tr><td colspan="2">Our findings

We found the methodology applied to be appropriate and the key assumptions used in the value in use calculation to be within range of estimates used in our evaluation.

The Group's impairment test assessments incorporated the known relevant considerations as at the reporting date. We found that the disclosure describing the inherent degree of estimation uncertainty and the sensitivity of the assumptions applied are appropriate.</td></tr>
</table>

<table>
<tr><th colspan="2">Valuation of trade and other receivables – QHCL's level
Refer to Note 8 to the financial statements</th></tr>
<tr><td>The key audit matter

The Group completed the acquisition of Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("GZQH"), and it became a wholly-owned subsidiary of the Group in 2019. The outstanding amounts due from GZQH at QHCL's level amounted to approximately $10.3 million, of which $7.2 million was guaranteed by a major shareholder and a director of the Company. No loss allowance was made for these balances as of the last reporting date.

During the year, GZQH has repaid $0.8 million and the remaining outstanding amounts due from GZQH amounted to $9.5 million of which $7.2 million was guaranteed by a major shareholder and a director of the Company.

The assessment of collectability of long outstanding receivables involves significant judgement of the debtors' ability to pay and the credit worthiness of their guarantors.</td><td>How the matter was addressed in our audit

We assessed the recoverability of the amounts owing by GZQH with reference to future cashflows provided by management, support from the guarantors, on-going business relationship and considered the Group's future business plan for GZQH.

In addition, we reviewed the sufficiency of the disclosures in relation to the significant and long outstanding receivables.</td></tr>
<tr><td colspan="2">Our findings

We found management's assessment of the recoverability of trade and other receivables, which premised on the financial strength of the guarantors, on-going business relationships and the future business plans to be reasonable and the disclosures to be appropriate.</td></tr>
</table>

Independent Auditors' Report (Cont'd)

Members of the Company
Qian Hu Corporation Limited

<table>
<tr><th colspan="2">Impairment of goodwill
Refer to Note 6 to the financial statements</th></tr>
<tr><td>The key audit matter

The Group has $4.05 million of goodwill as at 31 December 2020. This goodwill arises from the acquisition of GZQH in prior year.

The goodwill is tested for impairment annually by estimating the recoverable amount of the cash-generating unit ("CGU"). Management applies the value-in-use (discounted cash flow) method to determine the recoverable amounts of the CGU.

Forecasting future cash flow is a highly judgemental process which involves making assumptions such as revenue growth rates, margins, operating expenses and discount rates.</td>
<td>How the matter was addressed in our audit

We evaluated the appropriateness of the CGU identified by management based on our knowledge of the business acquisition giving rise to the goodwill and our understanding of the current business of the Group.

The key assumptions underlying the projected cash flows (including budgeted revenue growth, net profit margin and terminal growth) are challenged by comparing against the Group's historical performance in similar business segment, future business plans and consideration of other external and internal factors. Our valuation specialists are engaged to assess the reasonableness of the discount rate used.

We tested the mathematical accuracy of the discounted cash flow and performed sensitivity analyses, focusing on plausible changes in the key assumptions or discount rates and analysed the impact to the carrying amount.

We considered the appropriateness of the disclosures in the financial statements.</td></tr>
<tr><td colspan="2">Our findings

We found the identification of CGUs to be appropriate. The assumptions and resulting estimates were aligned with the Group's historical performance in similar business segment, future business plans and consideration of market data. CGU's key assumptions were appropriately disclosed.</td></tr>
</table>

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' Statement prior to the date of this auditors' report. The other information except for the Directors' Statement in the Annual Report ("the Reports") are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report (Cont'd)

Members of the Company
Qian Hu Corporation Limited

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Yeo Lik Khim.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 January 2021

Statements of Financial Position

As at 31 December 2020

	Note	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Assets					
Property, plant and equipment	4	10,312,292	11,257,829	3,572,153	4,217,726
Biological assets	5	8,040,112	10,280,387	8,040,112	10,280,387
Intangible assets	6	7,034,119	7,186,476	2,981,022	3,106,713
Subsidiaries	7	–	–	4,023,450	3,902,070
Non-current assets		25,386,523	28,724,692	18,616,737	21,506,896
Biological assets	5	311,820	119,730	311,820	119,730
Inventories	9	16,979,890	18,245,000	4,574,085	5,592,786
Trade and other receivables	8	15,985,887	18,695,917	26,664,199	28,164,528
Cash and cash equivalents	10	19,097,923	13,784,384	10,265,172	7,501,163
Current assets		52,375,520	50,845,031	41,815,276	41,378,207
Total assets		77,762,043	79,569,723	60,432,013	62,885,103
Equity					
Share capital	11	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	12	16,583,703	18,621,143	6,433,375	9,188,585
Equity attributable to owners of the Company		47,356,491	49,393,931	37,206,163	39,961,373
Non-controlling interests		2,378,594	2,493,407	–	–
Total equity		49,735,085	51,887,338	37,206,163	39,961,373
Liabilities					
Loans and borrowings	13	1,272,743	1,500,419	94,457	209,313
Deferred tax liabilities	14	70,547	70,595	–	–
Non-current liabilities		1,343,290	1,571,014	94,457	209,313
Loans and borrowings	13	15,680,229	16,307,349	14,157,925	15,307,299
Trade and other payables	15	10,589,406	9,492,806	8,766,011	7,199,661
Current tax payable		414,033	311,216	207,457	207,457
Current liabilities		26,683,668	26,111,371	23,131,393	22,714,417
Total liabilities		28,026,958	27,682,385	23,225,850	22,923,730
Total equity and liabilities		77,762,043	79,569,723	60,432,013	62,885,103

The accompanying notes form an integral part of these financial statements.

Statements of Profit or Loss

Year ended 31 December 2020

	Note	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Revenue	16	75,233,353	76,914,940	40,002,352	37,537,583
Cost of sales		(49,956,053)	(53,404,159)	(28,195,473)	(26,372,637)
Gross profit		25,277,300	23,510,781	11,806,879	11,164,946
Other income		773,066	3,632,547	1,589,287	4,065,535
Selling and distribution expenses		(2,144,764)	(2,480,343)	(765,534)	(845,562)
General and administrative expenses		(24,559,553)	(23,125,423)	(14,559,401)	(13,773,952)
Impairment loss (Reversal of impairment loss) on trade receivables		(134,675)	51,653	(114,000)	25,353
Results from operating activities		(788,626)	1,589,215	(2,042,769)	636,320
Finance income		52,930	55,746	8,864	16,357
Finance costs		(384,939)	(585,885)	(289,411)	(539,537)
Net finance costs	17	(332,009)	(530,139)	(280,547)	(523,180)
(Loss) Profit before tax	18	(1,120,635)	1,059,076	(2,323,316)	113,140
Tax expense	19	(200,420)	(115,336)	(15,660)	–
(Loss) Profit for the year		(1,321,055)	943,740	(2,338,976)	113,140
(Loss) Profit attributable to:					
Owners of the Company		(1,452,709)	919,844	(2,338,976)	113,140
Non-controlling interests		131,654	23,896	–	–
(Loss) Profit for the year		(1,321,055)	943,740	(2,338,976)	113,140

	Note	Group 2020	Group 2019
(Loss) Earnings per share (cents)	21		
Basic		(1.28)	0.81
Diluted		(1.28)	0.81

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

Year ended 31 December 2020

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
(Loss) Profit for the year	(1,321,055)	943,740	(2,338,976)	113,140
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations, net of tax	(263,398)	363,051	(75,654)	33,733
Other comprehensive income for the year, net of tax	(263,398)	363,051	(75,654)	33,733
Total comprehensive income for the year	(1,584,453)	1,306,791	(2,414,630)	146,873
Total comprehensive income attributable to:				
Owners of the Company	(1,683,504)	1,159,860	(2,414,630)	146,873
Non-controlling interests	99,051	146,931	–	–
Total comprehensive income for the year	(1,584,453)	1,306,791	(2,414,630)	146,873

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year ended 31 December 2020

	Attributable to owners of the Company					
Group	**Share capital $**	**Translation reserve $**	**Retained earnings $**	**Total $**	**Non-controlling interests $**	**Total equity $**
At 1 January 2019	30,772,788	133,976	17,554,359	48,461,123	2,346,476	50,807,599
Total comprehensive income for the year						
Profit for the year	–	–	919,844	919,844	23,896	943,740
Other comprehensive income						
Foreign currency translation differences for foreign operations, net of tax	–	240,016	–	240,016	123,035	363,051
Total other comprehensive income	–	240,016	–	240,016	123,035	363,051
Total comprehensive income for the year	–	240,016	919,844	1,159,860	146,931	1,306,791
Transactions with owners, recognised directly in equity						
Distributions to owners						
Dividends paid	–	–	(227,052)	(227,052)	–	(227,052)
Total transactions with owners of the Company	–	–	(227,052)	(227,052)	–	(227,052)
At 31 December 2019	30,772,788	373,992	18,247,151	49,393,931	2,493,407	51,887,338

The accompanying notes form an integral part of these financial statements.

Group	Share capital $	Translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
	Attributable to owners of the Company					
At 1 January 2020	30,772,788	373,992	18,247,151	49,393,931	2,493,407	51,887,338
Total comprehensive income for the year						
Loss for the year	–	–	(1,452,709)	(1,452,709)	131,654	(1,321,055)
Other comprehensive income						
Foreign currency translation differences for foreign operations, net of tax	–	(230,795)	–	(230,795)	(32,603)	(263,398)
Total other comprehensive income	–	(230,795)	–	(230,795)	(32,603)	(263,398)
Total comprehensive income for the year	–	(230,795)	(1,452,709)	(1,683,504)	99,051	(1,584,453)
Transactions with owners, recognised directly in equity						
Distributions to owners						
Dividends paid	–	–	(340,580)	(340,580)	(105,840)	(446,420)
Total distribution to owners of the Company	–	–	(340,580)	(340,580)	(105,840)	(446,420)
Changes in ownership interests						
Acquisition of non-controlling interests	–	(2,558)	(10,798)	(13,356)	(108,024)	(121,380)
Total changes in ownership interests	–	(2,558)	(10,798)	(13,356)	(108,024)	(121,380)
Total transactions with owners	–	(2,558)	(351,378)	(353,936)	(213,864)	(567,800)
At 31 December 2020	30,772,788	140,639	16,443,064	47,356,491	2,378,594	49,735,085

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity (Cont'd)

Year ended 31 December 2020

Company	Share capital $	Retained earnings $	Translation reserve $	Total equity $
At 1 January 2019	30,772,788	9,240,792	27,972	40,041,552
Total comprehensive income for the year				
Profit for the year	–	113,140	–	113,140
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	–	–	33,733	33,733
Total other comprehensive income	–	–	33,733	33,733
Total comprehensive income for the year	–	113,140	33,733	146,873
Transactions with owners, recognised directly in equity				
Distributions to owners				
Dividends paid	–	(227,052)	–	(227,052)
Total transactions with owners of the Company	–	(227,052)	–	(227,052)
At 31 December 2019	30,772,788	9,126,880	61,705	39,961,373
Total comprehensive income for the year				
Loss for the year	–	(2,338,976)	–	(2,338,976)
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	–	–	(75,654)	(75,654)
Total other comprehensive income	–	–	(75,654)	(75,654)
Total comprehensive income for the year	–	(2,338,976)	(75,654)	(2,414,630)
Transactions with owners, recognised directly in equity				
Distributions to owners				
Dividends paid	–	(340,580)	–	(340,580)
Total transactions with owners of the Company	–	(340,580)	–	(340,580)
At 31 December 2020	30,772,788	6,447,324	(13,949)	37,206,163

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
(Loss) Profit before tax		(1,120,635)	1,059,076
Adjustments for:			
Amortisation of intangible assets		148,666	148,667
Impairment loss (Reversal of impairment loss) on trade receivables		134,675	(51,653)
Allowance for inventory obsolescence		366,000	16,500
Depreciation of			
- property, plant and equipment		3,337,076	2,680,417
- biological assets		240,275	240,276
Property, plant and equipment written off		2,804	2,084
Loss (Gain) on disposal of			
- property, plant and equipment		2,698	7,275
- intangible assets		(135,869)	–
Impairment loss on brooder stocks		2,000,000	–
Gain on derecognition of right-of-use assets and lease liabilities		(3,983)	–
Finance costs		384,939	585,885
Finance income		(52,930)	(55,746)
		5,303,716	4,632,781
Changes in working capital:			
Inventories		508,828	1,521,335
Breeder stocks		(192,090)	1,530
Trade and other receivables		2,683,186	1,255,357
Trade and other payables		958,880	(846,076)
Cash generated from operations		9,262,520	6,564,927
Tax paid		(102,746)	(153,625)
Net cash from operating activities		9,159,774	6,411,302
Cash flows from investing activities			
Purchase of property, plant and equipment		(551,875)	(919,771)
Interest received		52,930	55,746
Proceeds from disposal of			
- property, plant and equipment		12,299	38,550
- intangible asset		139,560	–
Acquisition of subsidiary, net of cash and cash equivalents	27	–	137,806
Net cash used in investing activities		(347,086)	(687,669)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows (Cont'd)

Year ended 31 December 2020

	Note	2020 $	2019 $
Cash flows from financing activities			
Dividends paid to			
- owners of the Company		(340,580)	(227,052)
- non-controlling interests		(105,840)	–
Drawdown of bank term loans		1,000,000	–
Interest paid		(396,472)	(586,237)
Repayment of			
- lease liabilities		(1,561,428)	(948,410)
- bank term loans		(2,000,000)	(1,700,000)
Acquisition of non-controlling interests	27	(121,380)	–
Net cash used in financing activities		(3,525,700)	(3,461,699)
Net increase in cash and cash equivalents		5,286,988	2,261,934
Cash and cash equivalents at beginning of year		13,784,384	11,491,413
Effect of exchange rate fluctuations on cash held		26,551	31,037
Cash and cash equivalents at end of year	10	19,097,923	13,784,384

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 January 2021.

1 Domicile and activities

Qian Hu Corporation Limited (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 71 Jalan Lekar, Singapore 698950.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

The principal activities of the Company are those relating to import, export, farming, breeding and distribution of ornamental fishes and aquarium and pet accessories. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost.

- Biological assets (breeder stock) are measured at fair value less estimated point-of-sale costs.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 5 and 6 – impairment test: key assumptions on underlying recoverable amounts
- Note 8 – measurement of expected credit loss (ECL) allowance for trade and other receivables: key assumptions in determining the weighted-average loss rate

Notes to the Financial Statements (Cont'd)

2.4 Use of estimates and judgements (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team led by the Finance Director that has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 – Biological assets
- Note 25 – Financial risk management

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substance process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Notes to the Financial Statements (Cont'd)

3.1 Basis of consolidation (continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that investment, together with any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with the associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less any accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below).

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI and are presented in the translation reserve in equity.

3.3 Financial instruments

(a) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Notes to the Financial Statements (Cont'd)

3.3 Financial instruments (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset, on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3.3 Financial instruments (continued)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, and trade and other payables.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Notes to the Financial Statements (Cont'd)

3.3 Financial instruments (continued)

(f) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(g) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.

3.4 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.4 Property, plant and equipment (continued)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and assets under construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	20 years
Leasehold land and buildings	Over the remaining lease terms
Leasehold improvements	Over the remaining lease terms
Motor vehicles	5 – 10 years
Computers	3 years
Furniture, fittings and office equipment	5 – 10 years
Equipment and tools	8 – 10 years
Machinery and equipment	5 – 10 years
Electrical and installation	8 -10 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. This includes land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied and classified as property, plant and equipment, rather than as investment properties.

Investment property is measured at cost less accumulated depreciation and accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 3.4 Freehold land is not depreciated.

Gains and losses on disposal of investment property is determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised net in profit or loss.

Depreciation methods and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Notes to the Financial Statements (Cont'd)

3.6 Intangible assets and goodwill (continued)

Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate.

Other intangible assets

(a) *Trademarks/Customer acquisition costs/Formulation rights*

- Trademarks rights of certain brands of pet food are estimated to have indefinite lives because based on the current market share of the trademarks, management believes there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flows for the Group. Such intangible assets are tested for impairment annually as described in Note 6.
- Customer acquisition costs with finite lives are stated at cost less accumulated amortisation and any impairment losses. These costs are amortised on a straight-line basis over 3 years.
- Trademarks/Formulation rights with finite lives are stated at cost less accumulated amortisation and any impairment losses. These costs are amortised on a straight-line basis over 25 years.

(b) *Product listing fees*

Product listing fees with finite lives are stated at cost less accumulated amortisation and any impairment losses.

These costs are amortised on a straight-line basis over 3 years.

The amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Biological assets

The Group is engaged in the breeding of dragon fish for commercial sale and accounts for its brooder and breeder stocks as follows:

Brooder stocks

Brooder stocks are parent stocks of dragon fish, held for the breeding of dragon fish. As the fair value of brooder stocks cannot be reliably measured, the brooder stocks have been stated at cost less accumulated depreciation and any impairment losses. The brooder stocks are depreciated on a straight-line basis over their estimated useful lives of 50 years.

Breeder stocks

Breeder stocks are the offsprings of brooder stocks, held for trading purposes. The holding period of these breeder stocks is usually 2 to 3 months before they are put up for sale. As at the reporting date, these stocks are measured based on their fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss. The fair value is determined based on the age, breed and genetic merit of similar fish that can be purchased from suppliers. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (Cont'd)

3.9 Inventories

Inventories comprise raw materials, work-in-progress, manufactured goods and ornamental fishes acquired from suppliers.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Impairment

Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- intra-group financial guarantee contracts (FGC).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

3.10 Impairment (continued)

General approach (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

The allowance account in respect of trade and other receivables is used to record impairment losses until the financial asset is considered irrecoverable. At that point, the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Notes to the Financial Statements (Cont'd)

3.10 Impairment (continued)

Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.13 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.14 Government grants

Grants that compensate the Group for the cost of asset are deducted in arriving at the carrying amount of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as a deduction against related expense on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.15 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Notes to the Financial Statements (Cont'd)

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman and Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.19 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

4 Property, plant and equipment

Group	Freehold land and buildings $	Leasehold land and buildings $	Leasehold improvements $	Motor vehicles $
Cost				
At 1 January 2019	2,264,291	12,727,689	2,586,158	3,066,361
Additions	141,875	1,130,622	40,761	335,906
Disposals/Write offs/Transfers	–	–	–	(227,416)
Derecognition due to expiry of lease	–	(364,495)	–	–
Reclassification	–	86,285	–	–
Acquisition via business combination	–	842,709	207,756	12,687
Translation differences on consolidation	139,506	1,527	27,967	22,477
At 31 December 2019	2,545,672	14,424,337	2,862,642	3,210,015
Additions	–	1,768,220	69,888	189,954
Disposals/Write offs/Transfers	–	–	(179,586)	(23,226)
Derecognition due to expiry or early termination of lease	–	(262,273)	–	–
Reclassification	42,007	43,500	–	–
Translation differences on consolidation	(39,776)	83,833	39,304	(244)
At 31 December 2020	2,547,903	16,057,617	2,792,248	3,376,499
Accumulated depreciation				
At 1 January 2019	534,089	8,219,997	1,794,497	1,901,711
Depreciation charge for the year	240,119	1,123,388	221,880	416,594
Disposals/Write offs/Transfers	–	–	–	(195,347)
Derecognition due to expiry of lease	–	(364,495)	–	–
Translation differences on consolidation	32,905	24,628	39,333	15,529
At 31 December 2019	807,113	9,003,518	2,055,710	2,138,487
Depreciation charge for the year	272,733	1,730,612	250,737	415,732
Disposals/Write offs/Transfers	–	–	(179,586)	(15,853)
Derecognition due to expiry or early termination of lease	–	(197,420)	–	–
Translation differences on consolidation	(12,611)	130	15,538	(2,568)
At 31 December 2020	1,067,235	10,536,840	2,142,399	2,535,798
Carrying amounts				
At 1 January 2019	1,730,202	4,507,692	791,661	1,164,650
At 31 December 2019	1,738,559	5,420,819	806,932	1,071,528
At 31 December 2020	1,480,668	5,520,777	649,849	840,701

Computers $	Furniture, fittings and office equipment $	Equipment and tools $	Machinery and equipment $	Electrical and installation $	Construction in-progress $	Total $
1,702,148	1,559,576	303,693	6,924,593	1,363,390	72,704	32,570,603
69,496	30,623	20,940	125,921	14,198	138,517	2,048,859
(10,817)	(1,400)	–	(452,045)	–	–	(691,678)
–	–	–	–	–	–	(364,495)
–	–	–	–	–	(86,285)	–
6,938	24,638	–	56,612	6,201	–	1,157,541
14,168	20,493	(705)	9,136	4,538	–	239,107
1,781,933	1,633,930	323,928	6,664,217	1,388,327	124,936	34,959,937
86,304	78,193	3,228	131,779	42,191	13,745	2,383,502
(19,532)	(5,506)	(3,500)	(475,104)	–	–	(706,454)
–	(7,232)	–	–	–	–	(269,505)
–	–	–	–	–	(85,507)	–
(2,426)	(601)	4,265	25,505	(2,123)	(556)	107,181
1,846,279	1,698,784	327,921	6,346,397	1,428,395	52,618	36,474,661
1,557,834	1,281,097	257,065	5,089,880	1,235,512	–	21,871,682
78,924	81,660	12,633	444,823	60,396	–	2,680,417
(10,817)	(210)	–	(437,395)	–	–	(643,769)
–	–	–	–	–	–	(364,495)
12,408	21,254	147	9,205	2,864	–	158,273
1,638,349	1,383,801	269,845	5,106,513	1,298,772	–	23,702,108
79,038	85,635	18,469	429,864	54,256	–	3,337,076
(19,531)	(3,034)	(1,196)	(469,453)	–	–	(688,653)
–	(5,974)	–	–	–	–	(203,394)
(2,782)	(3,087)	3,215	19,431	(2,034)	–	15,232
1,695,074	1,457,341	290,333	5,086,355	1,350,994	–	26,162,369
144,314	278,479	46,628	1,834,713	127,878	72,704	10,698,921
143,584	250,129	54,083	1,557,704	89,555	124,936	11,257,829
151,205	241,443	37,588	1,260,042	77,401	52,618	10,312,292

Notes to the Financial Statements (Cont'd)

4 Property, plant and equipment (continued)

	Leasehold land and buildings $	Leasehold improvements $	Motor vehicles $
Company			
Cost			
At 1 January 2019	10,053,421	749,305	1,561,634
Additions	–	36,084	219,447
Disposals/Write-offs	–	–	(129,036)
Reclassification	86,285	–	–
Translation differences	–	(12,284)	(1,025)
At 31 December 2019	10,139,706	773,105	1,651,020
Additions	–	27,799	167,644
Disposals/Write-offs	–	(179,586)	–
Reclassification	43,500	–	–
Translation differences	–	20,474	1,708
At 31 December 2020	10,183,206	641,792	1,820,372
Accumulated depreciation			
At 1 January 2019	7,664,355	562,937	999,712
Depreciation charge for the year	317,058	47,511	204,154
Disposal/Write-offs	–	–	(108,236)
Translation differences	–	(8,297)	(922)
At 31 December 2019	7,981,413	602,151	1,094,708
Depreciation charge for the year	328,625	41,502	218,135
Disposals/Write-offs	–	(179,586)	–
Translation differences	–	15,630	1,536
At 31 December 2020	8,310,038	479,697	1,314,379
Carrying amounts			
At 1 January 2019	2,389,066	186,368	561,922
At 31 December 2019	2,158,293	170,954	556,312
At 31 December 2020	1,873,168	162,095	505,993

Computers $	Furniture, fittings and office equipment $	Machinery and equipment $	Electrical and installation $	Construction in-progress $	Total $
967,749	594,682	4,164,624	425,924	72,704	18,590,043
34,737	12,288	44,016	–	102,901	449,473
(6,929)	–	(12,567)	–	–	(148,532)
–	–	–	–	(86,285)	–
(166)	(575)	(10,563)	–	–	(24,613)
995,391	606,395	4,185,510	425,924	89,320	18,866,371
43,780	3,012	15,738	–	–	257,973
(16,293)	(1,110)	(215,789)	–	–	(412,778)
–	–	–	–	(43,500)	–
276	958	17,174	–	–	40,590
1,023,154	609,255	4,002,633	425,924	45,820	18,752,156
917,264	489,053	2,801,060	408,852	–	13,843,233
37,093	32,183	297,425	7,502	–	942,926
(6,929)	–	(3,303)	–	–	(118,468)
(150)	(502)	(9,175)	–	–	(19,046)
947,278	520,734	3,086,007	416,354	–	14,648,645
36,528	30,642	246,575	5,479	–	907,486
(16,293)	(1,110)	(212,985)	–	–	(409,974)
270	844	15,566	–	–	33,846
967,783	551,110	3,135,163	421,833	–	15,180,003
50,485	105,629	1,363,564	17,072	72,704	4,746,810
48,113	85,661	1,099,503	9,570	89,320	4,217,726
55,371	58,145	867,470	4,091	45,820	3,572,153

Notes to the Financial Statements (Cont'd)

4 Property, plant and equipment (continued)

Included in property, plant and equipment are the right-of-use assets related to leased properties and office equipment of $2,583,081 (2019: $2,203,306) and $41,026 (2019: $51,871) relating to the Group respectively; and $72,831 (2019: $131,097) and $27,471 (2019: $48,412) relating to the Company respectively.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $2,383,502 (2019: $2,048,859), of which $48,900 (2019: $107,875) were acquired under finance leases and $1,782,727 (2019: $1,021,213) relates to right-of-use assets. Cash payments of $551,875 (2019: $919,771) were made to purchase property, plant and equipment.

Details of properties held by the Group and the Company as at 31 December are as follows:

Location	Description and existing use	Tenure/ Unexpired term	Land area (sq m)	Carrying amount 2020 $	Carrying amount 2019 $
Leasehold land and buildings					
69 & 71 Jalan Lekar, Singapore	Fish farming	10 years from 11 November 2016	41,776	661,890	724,330
78 Jalan Lekar, Singapore	Fish farming	20 years from 20 February 2008	19,343	1,138,447	1,302,866
30/25 & 30/26 Moo 8, Klongnung, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2021 to 31 December 2023	3,290	38,708	25,282
30/23 Moo 8, Klongnung, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2019 to 31 December 2020	1,740	–	3,863
30/24 Moo 8, Klongnung, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2021 to 31 December 2023	1,740	15,663	6,033
83, Tesco Lotus Supercenter Rama I, Dama I Road, Wangmai, Pathumwan District Bangkok 10330 Thailand	Retail outlet	1 October 2018 to 30 September 2021	210	42,294	100,252
JL. Raya Brantamulya Tengsaw No. 9 Tarik Kolot, Kecamatan Citeureup Bogor, Indonesia	Fish farming	30 years from 1 May 2013	1,343	294,779	311,814
Yan Dun Wen Yuan Village Hui Wen Town Wen Chang City Hainan, China	Fish farming	1 January 2017 to 30 April 2033	4,000	690,860	697,792
		Balance carried forward		2,882,641	3,172,232

4 Property, plant and equipment (continued)

Location	Description and existing use	Tenure/ Unexpired term	Land area (sq m)	Carrying amount 2020 $	2019 $
		Balance brought forward		2,882,641	3,172,232
Leasehold land and buildings (continued)					
No. 12 Dongfeng Road, Qiancheng, Tanbu Town, Huadu District, Guangzhou, China	Office space, factory and warehousing	1 April 2017 to 31 March 2022	17,908	749,808	1,029,835
Dong Fish Farm Bei Ma Fang Village Jinzhang Town Chao Yang District Beijing, China	Office space and warehousing	1 July 1998 to 31 December 2025	8,658	100,776	114,973
Blk 20, Woodlands Link, #03-28/29, Singapore	Warehousing	1 April 2018 to 30 September 2027	389	142,105	163,158
2 Woodlands Sector 1, #03-35, Singapore	Factory	1 May 2020 to 30 April 2023	1,858	739,904	–
211 Woodlands Avenue 9, #04-78, Singapore	Warehousing	1 May 2020 to 30 April 2023	369	148,725	–
No. 2AG, 6G, Lorong Batu Nilam 4B, Bandar Bukit Tinggi, 41200 Klang, Selangor, Malaysia	Retail outlet	1 March 2020 to 28 February 2023	307	105,731	10,306
No.2 Jalan Setia Prima SU 13/S Setia Alam Seksyen U13, 40170 Shah Alam, Selangor, Malaysia	Retail outlet	9 October 2019 to 8 October 2021	338	35,397	82,845
130, 130A & 130B, SS24/2 Taman Megah, 47301 Petaling Jaya, Selangor, Malaysia	Retail outlet	15 January 2019 to 14 January 2022	260	–	104,081
45 SS24/8, Taman Megah, 47301 Petaling Jaya, Selangor, Malaysia	Retail outlet	10 September 2020 to 9 September 2023	260	75,192	–
G18, Jalan Indah 15, Tesco Bukit Indah, Taman Bukit Indah, 81200 Johor Bahru, Malaysia	Retail outlet	4 March 2019 to 4 March 2022	216	37,716	70,257
D-G-08, Jalan SS6/20A Dataran Glomac, Pusat Kelana Jaya, Selangor, Malaysia	Retail outlet	1 March 2020 to 28 February 2023	115	55,391	–
		Balance carried forward		5,073,386	4,747,687

Notes to the Financial Statements (Cont'd)

4 Property, plant and equipment (continued)

Location	Description and existing use	Tenure/ Unexpired term	Land area (sq m)	Carrying amount 2020 $	Carrying amount 2019 $
		Balance brought forward		5,073,386	4,747,687
Leasehold land and buildings (continued)					
Block C and E/F Lot 6212, Kampung Baru Balakong 43300 Balakong, Selangor, Malaysia	Office space and warehousing	1 January 2020 to 31 December 2022	3,700	447,391	673,132
Freehold land and buildings					
761 Rangsit - Nakornayok 52 Road, Pachatipat, Tanyaburi, Pathumthani, 12130 Thailand	Residential	Freehold	444	74,389	86,800
Land No. 3903 Tambol Samreuan Amphur Meuang Ratchaburi Province 70000 Thailand	Fish Farming	Freehold	44,800	1,406,279	1,651,759
				7,001,445	7,159,378

5 Biological assets

	Brooder stocks Group and Company 2020 $	Brooder stocks Group and Company 2019 $
Cost		
At 1 January and 31 December	12,015,000	12,015,000
Accumulated depreciation and impairment loss		
At 1 January	1,734,613	1,494,337
Depreciation charge for the year	240,275	240,276
Impairment loss	2,000,000	–
At 31 December	3,974,888	1,734,613
Net carrying amount		
At 31 December	8,040,112	10,280,387
Estimated quantity at year end (pieces)	3,526	3,526

The brooder stocks are parent stocks of dragon fish, held by the Group and the Company for use in the breeding of dragon fish. Due to the uniqueness of each dragon fish and as an active market does not exist for the brooder stocks, the brooder stocks are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The depreciation method, useful lives and residual values are reviewed at each reporting date.

The brooder stocks are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the brooder stocks to be 50 years. Management monitors the mortality rate of the brooder stocks on a continuing basis and is not aware of any developments or research findings that would require a revision of the useful lives for the brooder stocks.

During the financial year, the brooder stocks of the Group and the Company bred 12,567 (2019: 7,098) of dragon fish.

5 Biological assets (continued)

	Breeder stocks Group and Company	
	2020	2019
	$	$
At 1 January	119,730	121,260
Net increase due to births	830,670	481,770
Decreases due to sales	(638,580)	(483,300)
At 31 December	311,820	119,730
Estimated quantity at year end (pieces)	4,841	1,629

Impairment tests for cash-generating units containing biological assets

The recoverable amounts of the above balances are based on value in use and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use in 2020 was determined in a similar manner as in 2019. An impairment loss of $2 million (2019: Nil) was recognised in respect of the biological assets as at 31 December 2020 as the carrying amount of certain species of the brooder stock was in excess of the recoverable value.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts of biological assets are discount rates, production yield and growth rates. These assumptions are as follows:

	Discount rate		Production yield		Budgeted revenue growth	
	2020	2019	2020	2019	2020	2019
	%	%	%	%	%	%
Biological assets	13.0	13.0	2.8 – 8.5	4.9 – 9.9	5.0	5.0

Discount rate

The discount rates used are pre-tax based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

Production yield

Management estimates the production yield based on the actual breeder production for the past 12 months adjusted for the expected production yield.

Budgeted revenue growth

The anticipated annual revenue growth included in the cash flow projections was based on past performance and its expectation for market development.

The Group is exposed to a number of risks related to its brooder stocks and breeder stocks:

Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of breeder stocks. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to manage the breeding program.

Notes to the Financial Statements (Cont'd)

5 Biological assets (continued)

Climate and other risks

The Group's brooder stocks and breeder stocks are exposed to the risk of damage and fatalities from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and industry disease surveys.

Sensitivity analysis

The carrying amount of certain species of the brooder stock exceeded the estimated recoverable amount by approximately $2,000,000 (2019: estimated recoverable amount exceeded carrying amount by $7,378,000), accordingly an impairment loss of $2,000,000 was recognised in respect of the brooder stocks. The following table shows the percentage by which these three key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for recoverable amount to equal the carrying amount	
	2020	**2019**
	%	**%**
Production yield	(11.8)	(39.0) – (42.3)
Growth rate	(85.2)	(296.4) – (348.6)
Discount rate	13.9	84.2 – 187.8

6 Intangible assets

	Trademarks/ Customer acquisition costs/ Formulation rights	**Product listing fees**	**Goodwill**	**Total**
	$	**$**	**$**	**$**
Group				
Cost				
At 1 January 2019	4,051,497	196,153	–	4,247,650
Acquisition via business combination	–	–	4,046,430	4,046,430
At 31 December 2019	4,051,497	196,153	4,046,430	8,294,080
Disposal	(253,691)	–	–	(253,691)
At 31 December 2020	3,797,806	196,153	4,046,430	8,040,389
Accumulated amortisation				
At 1 January 2019	762,784	196,153	–	958,937
Amortisation for the year	148,667	–	–	148,667
At 31 December 2019	911,451	196,153	–	1,107,604
Amortisation for the year	148,666	–	–	148,666
Disposal	(250,000)	–	–	(250,000)
At 31 December 2020	810,117	196,153	–	1,006,270
Carrying amounts				
At 1 January 2019	3,288,713	–	–	3,288,713
At 31 December 2019	3,140,046	–	4,046,430	7,186,476
At 31 December 2020	2,987,689	–	4,046,430	7,034,119

6 Intangible assets (continued)

Company	Trademarks/ Customer acquisition costs/ Formulation rights $	Product listing fees $	Total $
Cost			
At 1 January 2019 and 31 December 2019	3,971,497	196,153	4,167,650
Disposal	(253,691)	–	(253,691)
At 31 December 2020	3,717,806	196,153	3,913,959
Accumulated amortisation			
At 1 January 2019	742,784	196,153	938,937
Amortisation for the year	122,000	–	122,000
At 31 December 2019	864,784	196,153	1,060,937
Amortisation for the year	122,000	–	122,000
Disposal	(250,000)	–	(250,000)
At 31 December 2020	736,784	196,153	932,937
Carrying amounts			
At 1 January 2019	3,228,713	–	3,228,713
At 31 December 2019	3,106,713	–	3,106,713
At 31 December 2020	2,981,022	–	2,981,022

The amortisation charged is recognised in selling and distribution expenses in the statement of profit or loss.

(i) Impairment tests for cash-generating units containing trademarks/customer acquisition costs

Trademarks/Customer acquisition costs are costs paid for the acquisition and registration of brands and trademarks of pet food.

The recoverable amounts of the above balances are based on value in use and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use in 2020 was determined in a similar manner as in 2019. No impairment loss was required for the carrying amount of trademarks/customer acquisition costs at 31 December 2020 and 31 December 2019 as the recoverable value was in excess of the carrying value.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts of trademarks/customer acquisition costs are discount rates and growth rates. These assumptions are as follows:

	Discount rate		Terminal value growth rate		Budgeted revenue growth	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Pet food	13.0	13.0	5.0	3.0	5.0	5.0

Notes to the Financial Statements (Cont'd)

6 Intangible assets (continued)

(i) Impairment tests for cash-generating units containing trademarks/customer acquisition costs (continued)

Key assumptions used in discounted cash flow projection calculations (continued)

Discount rate

The discount rates used are pre-tax based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

Terminal value growth rate

Management includes five years of cash flows based on financial budgets approved by the Board of Directors in their discounted cash flow models. A long-term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for the country in which the division is based and the long-term compound annual growth rate in earnings before interest, taxation, depreciation and amortisation (EBITDA) estimated by management.

Budgeted revenue growth

The anticipated annual revenue growth included in the cash flow projections was based on past performance and its expectation for market development.

Sensitivity analysis

No sensitivity analysis is presented as the cashflow projection is not sensitive to any changes in the key assumptions.

(ii) Impairment tests for goodwill arising from the business combination of Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (GZQH)

For the purpose of impairment testing, goodwill has been allocated to GZQH, the lowest CGU.

The goodwill of $4,046,430 is attributable mainly to the synergies expected to be achieved from integrating GZQH into the Group's existing accessories business. None of the goodwill recognised is expected to be deductible for tax purposes.

The recoverable amount of this CGU is based on its value in use and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use in 2020 was determined in the same manner as in 2019. No impairment loss was required for the carrying amount of goodwill as at 31 December 2020 and 31 December 2019 as the recoverable amount was in excess of carrying amount.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the estimation of value in use are as follows:

	2020 %	2019 %
Discount rate	14.0	13.0
Terminal growth rate	5.0	5.0
Net profit margin	6.0	5.5

Discount rate

The discount rates used are pre-tax based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

6 Intangible assets (continued)

(ii) Impairment tests for goodwill arising from the business combination of Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (GZQH) (continued)

Key assumptions used in discounted cash flow projection calculations (continued)

Terminal growth rate

A long-term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for People's Republic of China in which GZQH operates and the long-term compound annual growth rate in EBITDA estimated by management.

Net profit margin

The net profit margin is determined by comparing against the Group's historical performance in similar business segment, future business plans and consideration of other external and internal factors.

Sensitivity analysis

The estimated recoverable amount of the goodwill exceeded the carrying amount by approximately $744,000 (2019: $686,000). Management has identified that a reasonably possible change in three key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the percentage by which these three key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for recoverable amount to equal the carrying amount	
	2020	**2019**
	%	**%**
Discount rate	11.2	3.9
Terminal growth rate	(48.8)	(19.7)
Net profit margin	(18.4)	(5.8)

7 Subsidiaries

	Company	
	2020	**2019**
	$	**$**
Unquoted equity investments, at cost	4,023,450	3,902,070

Notes to the Financial Statements (Cont'd)

7 Subsidiaries (continued)

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and business	Ownership interest 2020 %	Ownership interest 2019 %	Cost of investment by the Company 2020 $	Cost of investment by the Company 2019 $
* Qian Hu Tat Leng Plastic Pte. Ltd.	Manufacture of plastic bags	Singapore	100	100	57,050	57,050
^ Qian Hu Aquarium and Pets (M) Sdn. Bhd. and its subsidiary:	Trading and distribution of ornamental fish and aquarium and pet accessories	Malaysia	100	100	171,951	171,951
^ Qian Hu The Pet Family (M) Sdn. Bhd.	Trading of ornamental fish and aquarium accessories	Malaysia	100	100	–	–
^ Qian Hu Development Sdn. Bhd.	Investment holding	Malaysia	100	100	16,000	16,000
^ Beijing Qian Hu Aquarium and Pets Co., Ltd	Distribution of aquarium and pet accessories	People's Republic of China	100	100	171,824	171,824
^ Guangzhou Qian Hu OF Feed Co., Ltd	Manufacture of fish feed	People's Republic of China	100	100	126,170	126,170
^ Guangzhou Qian Hu Aquarium and Pets Co., Ltd	Distribution of aquarium and pet accessories	People's Republic of China	100	100	69,000	69,000
^ Qian Hu Aquaculture (Hainan) Co., Ltd	Farming of edible fish	People's Republic of China	100	100	1,240,393	1,240,393
^ Tian Tian Fisheries (Hainan) Co., Ltd	Farming of edible fish	People's Republic of China	100	60	499,063	377,683
^ Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd	Manufacture of aquarium and pet accessories	People's Republic of China	100	100	13,668	13,668
^ Qian Hu Marketing Co Ltd	Distribution of aquarium and pet accessories	Thailand	74♦	74♦	148,262	148,262
				Balance carried forward	2,513,381	2,392,001

7 Subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation and business	Ownership interest 2020 %	2019 %	Cost of investment by the Company 2020 $	2019 $
		Balance brought forward			2,513,381	2,392,001
^ Thai Qian Hu Company Limited and its subsidiary:	Trading of ornamental fish	Thailand	60	60	121,554	121,554
^ Advance Aquatic Co., Ltd	Trading of ornamental fish	Thailand	60	60	–	–
^ NNTL (Thailand) Limited	Investment holding	Thailand	49@	49@	30,999	30,999
^ P.T. Qian Hu Joe Aquatic Indonesia	Trading of ornamental fish	Indonesia	97.25	97.25	1,357,516	1,357,516
					4,023,450	3,902,070

KPMG LLP Singapore is the auditor of the Singapore-incorporated subsidiary.

* *Audited by KPMG LLP Singapore.*

^ *Audited by other certified public accountants. These subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, a subsidiary is considered significant if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.*

♦ *This represents the Group's effective interest in Qian Hu Marketing Co Ltd. The Company holds a 49% direct interest in Qian Hu Marketing Co Ltd and the remaining effective interest of 25% is held through a subsidiary, NNTL (Thailand) Limited.*

@ *NNTL (Thailand) Limited is considered a subsidiary of the Company as the Company has voting control at general meetings and board meetings of NNTL (Thailand) Limited.*

During the financial year, the Company acquired the remaining 40% interest in Tian Tian Fisheries (Hainan) Co. Ltd (see Note 27).

In the previous financial year, the Company acquired 100% interest in Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (see Note 27).

There are no subsidiaries that have NCI that are material to the Group.

Notes to the Financial Statements (Cont'd)

8 Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade receivables	14,294,532	16,695,231	8,032,360	8,894,395
Loss allowance	(1,070,114)	(937,990)	(705,000)	(591,000)
Net receivables	13,224,418	15,757,241	7,327,360	8,303,395
Deposits	495,778	452,271	58,870	61,181
Tax recoverable	87,393	83,281	–	–
Other receivables	800,106	978,959	531,876	602,245
Amounts due from subsidiaries				
- trade	–	–	15,034,626	15,580,094
- non-trade	–	–	3,053,620	3,042,778
Amortised cost	14,607,695	17,271,752	26,006,352	27,589,693
Prepayments	752,696	902,808	170,687	218,132
Advances to suppliers	625,496	521,357	487,160	356,703
	15,985,887	18,695,917	26,664,199	28,164,528

Outstanding non-trade balances with subsidiaries are unsecured, interest-free and are repayable on demand. There is no loss allowance arising from the outstanding balances as the ECL is not material.

Receivables denominated in currencies other than the Company's functional currency comprise:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
US Dollar	3,330,997	3,289,658	2,438,280	2,362,753
Euro	93,251	171,818	35,097	107,348
Malaysian Ringgit	1,142,025	1,173,686	–	–
Thai Baht	971,186	1,170,569	–	–
Chinese Renminbi	1,786,054	2,234,076	26,036	206,362
Indonesian Rupiah	33,345	17,746	–	–

Included in trade and other receivables of the Company as at 31 December 2020 is an amount of approximately $9.5 million (2019: $10.3 million) owing by GZQH, a wholly-owned subsidiary of the Group as at year-end, which is repayable on demand. These include trade receivables of $8.3 million (2019: $9.1 million) and non-trade receivables of $1.2 million (2019: $1.2 million), of which the recoverability of $7.2 million (2019: $7.2 million) is guaranteed by a major shareholder and a director of the Company as disclosed in Note 23. Management is of the view that these amounts are not impaired as GZQH will be able to repay the debts from its operating or other cash flows and the amounts are substantially guaranteed as stated above.

Except for the abovementioned, concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. Many of these customers are internationally dispersed, engage in a wide spectrum of distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Credit and market risks, and impairment losses

The Group and the Company's exposures to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 25.

9 Inventories

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Fish	1,799,931	2,373,826	1,105,443	1,363,174
Accessories	14,111,165	14,931,628	3,468,642	4,229,612
Raw materials – plastic products	359,974	267,247	–	–
Finished goods – plastic products	708,820	672,299	–	–
	16,979,890	18,245,000	4,574,085	5,592,786

In 2020, inventories of $48,134,949 (2019: $51,597,505) were recognised as an expense during the year and included in cost of sales in the statement of profit or loss.

10 Cash and cash equivalents

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Cash and bank balances	17,644,974	11,689,132	10,265,172	6,822,806
Short-term deposits	1,452,949	2,095,252	–	678,357
Cash and cash equivalents	19,097,923	13,784,384	10,265,172	7,501,163

Cash and bank balances earn interests at floating rates based on daily bank deposits rates from 0% to 0.1% (2019: 0% to 0.1%) per annum.

Short-term deposits bear average effective interest rate of 1.65% to 3.55% (2019: 1.71% to 3.55%) per annum.

Cash and cash equivalents denominated in foreign currencies other than the Company's functional currency comprise:

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
US Dollar	5,288,332	2,639,674	3,954,803	2,126,364
Euro	192,112	320,619	7,157	59,865
Malaysian Ringgit	2,392,974	1,983,080	–	–
Thai Baht	1,307,940	1,000,652	–	–
Chinese Renminbi	921,671	1,035,041	2,717	19,364
Indonesian Rupiah	247,236	44,560	–	–

Notes to the Financial Statements (Cont'd)

11 Share capital

	Group and Company			
	2020 $	2020 No. of shares	2019 $	2019 No. of shares
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	30,772,788	113,526,467	30,772,788	113,526,467

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding NCI. The Board of Directors also monitors the level of dividends to ordinary equity holders. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Net debt	8,444,455	13,516,190	12,753,221	15,215,110
Total equity	49,735,085	51,887,338	37,206,163	39,961,373
Total capital	58,179,540	65,403,528	49,959,384	55,176,483
Gearing ratio	0.15	0.21	0.26	0.28

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2019 and 2020. There were no changes in the Group's approach to capital management during the financial year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

12 Reserves

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Retained earnings	16,443,064	18,247,151	6,447,324	9,126,880
Translation reserve	140,639	373,992	(13,949)	61,705
	16,583,703	18,621,143	6,433,375	9,188,585

The translation reserve of the Group and the Company comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the translation of monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met.

13 Loans and borrowings

	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Non-current liabilities				
Lease liabilities	1,272,743	1,500,419	94,457	209,313
	1,272,743	1,500,419	94,457	209,313
Current liabilities				
Bank term loans	14,000,000	15,000,000	14,000,000	15,000,000
Bills payable to banks (unsecured)	82,203	184,712	–	106,616
Lease liabilities	1,598,026	1,122,637	157,925	200,683
	15,680,229	16,307,349	14,157,925	15,307,299
Total borrowings	16,952,972	17,807,768	14,252,382	15,516,612

The unsecured short-term loans are revolving bank loans which bear interest at rates from 1.19% to 1.34% (2019: 2.71% to 2.95%) per annum and are repayable within the next 12 months from the reporting date.

The weighted average effective interest rates relating to the bills payable to banks, at the reporting date for the Group and the Company are 3.18% (2019: 5.03%) and Nil (2019: 5.25%) per annum respectively. These bills mature within 1 to 4 months from the reporting date.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount $	Cash flows: Contractual cash flows $	Cash flows: Within 1 year $	Cash flows: Within 1 to 5 years $	Cash flows: More than 5 years $
Group					
2020					
Bills payable to banks	82,203	84,817	84,817	–	–
Bank term loans	14,000,000	14,177,100	14,177,100	–	–
Lease liabilities	2,870,769	3,038,547	1,717,555	1,320,992	–
Trade and other payables*	9,768,048	9,768,048	9,768,048	–	–
	26,721,020	27,068,512	25,747,520	1,320,992	–
2019					
Bills payable to banks	184,712	194,003	194,003	–	–
Bank term loans	15,000,000	15,424,500	15,424,500	–	–
Lease liabilities	2,623,056	2,750,220	1,197,590	1,529,856	22,774
Trade and other payables*	9,096,906	9,096,906	9,096,906	–	–
	26,904,674	27,465,629	25,912,999	1,529,856	22,774

Notes to the Financial Statements (Cont'd)

13 Loans and borrowings (continued)

	Carrying amount $	Contractual cash flows $	Cash flows: Within 1 year $	Cash flows: Within 1 to 5 years $	Cash flows: More than 5 years $
Company					
2020					
Bank term loans	14,000,000	14,177,100	14,177,100	–	–
Lease liabilities	252,382	271,753	169,119	102,634	–
Trade and other payables*	8,416,938	8,416,938	8,416,938	–	–
	22,669,320	22,865,791	22,763,157	102,634	–
2019					
Bills payable to banks	106,616	112,213	112,213	–	–
Bank term loans	15,000,000	15,424,500	15,424,500	–	–
Lease liabilities	409,996	440,407	218,598	221,809	–
Trade and other payables*	7,021,414	7,021,414	7,021,414	–	–
	22,538,026	22,998,534	22,776,725	221,809	–

* *Excludes advance received from customers and deferred grant income.*

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Other loans and borrowings $	Lease liabilities $	Accrued interest payable (Note 15) $	Total $
Group				
Balance at 1 January 2019	17,107,351	1,601,932	18,538	18,727,821
Changes from financing cash flows				
Interest paid	–	(64,563)	(521,674)	(586,237)
Repayment of lease liabilities	–	(948,410)	–	(948,410)
Repayment of bank term loans	(1,700,000)	–	–	(1,700,000)
Total changes from financing cash flows	(1,700,000)	(1,012,973)	(521,674)	(3,234,647)
The effect of changes in foreign exchange rates	–	(2,263)	–	(2,263)
Other changes				
New leases	–	1,129,088	–	1,129,088
Acquisition via business combination	–	842,709	–	842,709
Interest expense	–	64,563	521,322	585,885
Bills payable to banks (net)	(222,639)	–	–	(222,639)
Total other changes	(222,639)	2,036,360	521,322	2,335,043
Balance at 31 December 2019	15,184,712	2,623,056	18,186	17,825,954

13 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Other loans and borrowings $	Lease liabilities $	Accrued interest payable (Note 15) $	Total $
Balance at 1 January 2020	15,184,712	2,623,056	18,186	17,825,954
Changes from financing cash flows				
Interest paid	–	(108,936)	(287,536)	(396,472)
Repayment of lease liabilities	–	(1,561,428)	–	(1,561,428)
Drawdown of bank term loans	1,000,000	–	–	1,000,000
Repayment of bank term loans	(2,000,000)	–	–	(2,000,000)
Total changes from financing cash flows	(1,000,000)	(1,670,364)	(287,536)	(2,957,900)
The effect of changes in foreign exchange rates	(237)	47,608	–	47,371
Other changes				
New leases	–	1,831,627	–	1,831,627
Derecognition of lease liabilities	–	(70,094)	–	(70,094)
Interest expense	–	108,936	276,003	384,939
Bills payable to banks (net)	(102,272)	–	–	(102,272)
Total other changes	(102,272)	1,870,469	276,003	2,044,200
Balance at 31 December 2020	14,082,203	2,870,769	6,653	16,959,625

14 Deferred tax liabilities

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Property, plant and equipment and biological assets	70,547	70,595	–	–

Movement in deferred tax liabilities

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
At 1 January	70,595	45,595	–	–
Recognised in profit or loss	–	25,000	–	–
Translation differences on consolidation	(48)	–	–	–
At 31 December	70,547	70,595	–	–

Notes to the Financial Statements (Cont'd)

14 Deferred tax liabilities (continued)

Unrecognised deferred tax assets

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Deductible temporary differences	3,605,319	3,750,284	3,571,464	3,748,412
Tax losses	5,304,493	5,363,488	5,276,532	5,276,532
	8,909,812	9,113,772	8,847,996	9,024,944

Deferred tax assets have not been recognised in respect of tax losses for certain subsidiaries because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

15 Trade and other payables

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Trade payables	5,179,632	4,847,370	2,884,958	2,042,827
Accrued operating expenses	654,093	587,037	449,702	420,587
Accrued interest payable	6,653	18,186	6,653	18,186
Other payables	2,015,146	1,495,611	1,606,875	1,112,018
Accrued staff costs	1,912,524	2,148,702	1,498,977	1,773,684
Advance received from customers	591,706	395,900	152,847	178,247
Deferred grant income – Jobs Support Scheme ("JSS")	229,652	–	196,226	–
Amounts due to subsidiaries				
- trade	–	–	504,789	408,948
- non-trade	–	–	1,464,984	1,245,164
	10,589,406	9,492,806	8,766,011	7,199,661

Other payables are interest-free and have an average term of three months. The non-trade amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

Payables denominated in currencies other than the Company's functional currency comprise:

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
US Dollar	430,841	403,340	232,984	210,047
Euro	1,451,894	499	145,394	499
Malaysian Ringgit	141,789	327,648	2,235	4,948
Thai Baht	179,401	192,162	–	–
Chinese Renminbi	2,024,130	1,423,008	1,013,423	591,269
Australian Dollar	–	31,635	–	31,635
Hong Kong Dollar	–	–	–	–
New Taiwan Dollar	185,521	127,368	134,227	107,567
Indonesian Rupiah	23,892	18,953	–	–

15 Trade and other payables (continued)

Market and liquidity risk

The Group and the Company's exposures to currency risk and liquidity risk related to trade and other payables are disclosed in Note 25.

16 Revenue

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Sale of goods				
- fish	27,836,690	29,846,678	16,476,576	17,676,367
- accessories	39,314,887	35,478,452	23,525,776	19,861,216
- plastics	8,081,776	11,589,810	–	–
	75,233,353	76,914,940	40,002,352	37,537,583

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of fish

Nature of goods or services	Fish farming, breeding, distribution and trading of ornamental and edible fish
When revenue is recognised	Point of sale
Significant payment terms	30 days from invoice date

Sale of accessories

Nature of goods or services	Manufacturing and distribution of aquarium and pets accessories
When revenue is recognised	Point of sale
Significant payment terms	30 days from invoice date

Sale of plastics

Nature of goods or services	Manufacturing and distribution of plastic bags
When revenue is recognised	Point of sale
Significant payment terms	30 days from invoice date

Notes to the Financial Statements (Cont'd)

16 Revenue (continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and major products. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 24).

	Fish		Accessories		Plastics		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Group								
Primary geographical markets								
Singapore	4,854,326	4,791,191	10,677,113	9,237,128	7,810,641	11,161,774	23,342,080	25,190,093
Other Asian countries	13,371,124	14,778,312	22,082,251	21,429,610	144,376	226,888	35,597,751	36,434,810
Europe	5,310,658	6,284,417	891,909	1,029,306	80,262	126,801	6,282,829	7,440,524
Others	4,300,582	3,992,758	5,663,614	3,782,408	46,497	74,347	10,010,693	7,849,513
	27,836,690	29,846,678	39,314,887	35,478,452	8,081,776	11,589,810	75,233,353	76,914,940

Contract balances

The following table provides information about contract liabilities from contracts with customers.

	Group	
	2020	**2019**
	$	**$**
Contract liabilities	(591,706)	(395,900)

The contract liabilities primarily relate to the advance consideration received from customers for sale of fish and accessories.

Significant changes in the contract liabilities balances during the year are as follows.

	Group	
	2020	**2019**
	$	**$**
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	395,900	276,351
Increases due to cash received, excluding amounts recognised as revenue during the year	(591,706)	(395,900)

17 Net finance costs

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Interest income				
- bank deposits	52,930	55,746	8,864	16,357
Interest expense				
- bank loans and overdrafts	(267,955)	(506,125)	(267,955)	(506,125)
- bills payable to banks	(8,048)	(15,197)	(2,612)	(10,661)
- lease liabilities	(108,936)	(64,563)	(18,844)	(22,751)
	(384,939)	(585,885)	(289,411)	(539,537)
Net finance costs	(332,009)	(530,139)	(280,547)	(523,180)

18 (Loss) Profit before tax

The following items have been included in arriving at (loss) profit before tax:

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Allowance for inventory obsolescence	366,000	16,500	366,000	16,500
Auditors' remuneration				
- auditors of the Company	125,000	123,000	109,000	107,000
- other auditors	23,016	23,186	–	–
Non-audit fees				
- other auditors	39,980	35,685	34,380	27,960
Depreciation of				
- property, plant and equipment	3,337,076	2,680,417	907,486	942,926
- biological assets	240,275	240,276	240,275	240,276
Amortisation of intangible assets	148,666	148,667	122,000	122,000
Impairment loss on brooder stocks	2,000,000	–	2,000,000	–
Exchange loss (gain), net	75,092	41,262	119,118	(32,438)
Operating lease expenses	90,677	219,486	43,160	77,300
Property, plant and equipment written off	2,804	2,084	2,804	2,084
Staff costs				
- salaries and bonus	11,391,690	12,832,204	6,686,143	8,260,041
- provident fund contributions	857,694	907,992	582,094	574,730
- staff welfare benefits	749,737	707,052	311,521	397,174
- foreign worker levy	246,707	424,184	216,439	379,272
Directors' fees				
- directors of the Company	108,000	108,000	108,000	108,000
Other (income) expenses				
- loss on disposal of property, plant and equipment	2,698	7,275	–	4,211
- gain on disposal of intangible assets	(135,869)	–	(135,869)	–
- gain on derecognition of right-of-use assets and lease liabilities	(3,983)	–	–	–
- dividend income received from subsidiaries	–	–	(956,600)	(500,000)
- sundry income	(196,141)	(107,178)	(57,047)	(37,102)
- handling income (net)	(439,771)	(3,532,644)	(439,771)	(3,532,644)

Notes to the Financial Statements (Cont'd)

19 Tax expense

	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Tax recognised in profit or loss				
Current tax expense				
Current year	200,376	83,828	15,660	–
Under provision in respect of prior year	44	6,508	–	–
	200,420	90,336	15,660	–
Deferred tax (credit) expense				
Origination and reversal of temporary differences	–	(5,000)	–	–
Under provision in respect of prior year	–	30,000	–	–
	–	25,000	–	–
Total tax expense	200,420	115,336	15,660	–
Reconciliation of effective tax rate				
(Loss) Profit before tax	(1,120,635)	1,059,076	(2,323,316)	113,140
Tax using Singapore tax rate of 17% (2019: 17%)	(190,508)	180,043	(394,964)	19,234
Effect of tax rates in foreign jurisdictions	52,607	19,921	–	–
Expenses not deductible for tax purposes	449,915	202,018	404,881	100,537
Income not subject to tax	(9,265)	(54,908)	(162,622)	(84,294)
Recognition of tax effect of previously unrecognised tax losses	(21,779)	(73,079)	–	–
Change in unrecognised temporary differences	(20,662)	(101,525)	(26,385)	(153,451)
Group tax relied transferred out	–	–	241,452	181,593
Withholding tax	15,660	–	15,660	–
Tax incentives	(75,592)	(89,399)	(62,362)	(63,619)
Others	–	(4,243)	–	–
Under provision in respect of prior year	44	36,508	–	–
Tax expense	200,420	115,336	15,660	–

Tax recognised in other comprehensive income

There is no tax effect on the translation differences relating to financial statements of foreign operations in other comprehensive income.

20 Directors' remuneration

Company's directors receiving remuneration from the Group:

	Group and Company Number of directors 2020	2019
Remuneration of:		
$500,000 and above	–	–
$250,000 to $499,999	3	3
Below $250,000	5	4
	8	7

Names of director	Salary $	Bonus $	Directors' fees $	Total $
Group and Company				
2020				
Kenny Yap Kim Lee	304,560	–	–	304,560
Alvin Yap Ah Seng	274,080	–	–	274,080
Lai Chin Yee	276,000	24,860	–	300,860
Tan Tow Ee	–	–	30,000	30,000
Sharon Yeoh Kar Choo	–	–	26,000	26,000
Ling Kai Huat	–	–	26,000	26,000
Soong Wee Choo (appointed on 1 April 2020)	–	–	19,500	19,500
Chang Weng Leong (retired on 26 March 2020)	–	–	6,500	6,500
Total	854,640	24,860	108,000	987,500
2019				
Kenny Yap Kim Lee	306,240	28,665	–	334,905
Alvin Yap Ah Seng	276,240	25,740	–	301,980
Lai Chin Yee	276,240	25,740	–	301,980
Tan Tow Ee	–	–	30,000	30,000
Chang Weng Leong	–	–	26,000	26,000
Sharon Yeoh Kar Choo	–	–	26,000	26,000
Ling Kai Huat	–	–	26,000	26,000
Total	858,720	80,145	108,000	1,046,865

Notes to the Financial Statements (Cont'd)

21 (Loss) Earnings per share

	Group	
	2020 $	2019 $
(Loss) Profit attributable to equity holders of the Company ($)	(1,452,709)	919,844
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	113,526,467	113,526,467
Basic (loss) earnings per share (cents)	(1.28)	0.81

The calculation of basic (loss) earnings per share at 31 December was based on (loss) profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding.

The Group has no dilution in its earnings per share at 31 December 2020 and 31 December 2019.

22 Dividends

	Group and Company	
	2020 $	2019 $
Final dividend paid of 0.2 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2018	–	227,052
Final dividend paid of 0.3 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2019	340,580	–

The directors have proposed a final dividend of $0.002 (2019: $0.003) per ordinary share, one-tier exempt, totalling $227,052 (2019: $340,580) in respect of the financial year ended 31 December 2020. This proposed final tax-exempt dividend has not been recognised as at year end and will be submitted to shareholders' approval at the forthcoming Annual General Meeting of the Company in 2021.

During the year, there were dividends paid by a subsidiary to non-controlling interests amounting to $105,840 (2019: Nil).

23 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the authorities of the entity. The directors are considered as key management personnel of the Group.

23 Significant related party transactions (continued)

Key management personnel compensation comprised:

	Group	
	2020 $	2019 $
Short-term employee benefits		
- directors of the Company	987,500	1,046,865
- other key management personnel	1,633,232	1,670,870
	2,620,732	2,717,735

Other related party transactions

As mentioned in Note 8, trade and other receivables amounting to approximately $7.2 million (2019: $7.2 million) due from GZQH are guaranteed by a major shareholder of the Company and a director of the Company. The Company is charged a guarantee fee of 0.5% per annum during the year for the guarantee from a major shareholder of the Company.

Other than disclosed elsewhere in the financial statements, the transactions with related parties at terms agreed between the parties, are as follows:

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Sales to subsidiaries	–	–	3,113,528	2,609,863
Purchases from subsidiaries	–	–	2,354,298	2,043,392
Guarantee fee paid to a major shareholder of the Company	30,000	30,000	30,000	30,000
Consultancy fees paid to a company in which a director has a substantial interest	8,300	8,300	8,300	8,300

24 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products. For each of the strategic business units, the Group's Executive Chairman and Managing Director reviews internal management reports on a monthly basis.

The Group's reportable operating segments are as follows:

(i) Fish – includes fish farming, breeding, distribution and trading of ornamental and edible fish/seafood;

(ii) Accessories – includes manufacturing and distribution of aquarium and pet accessories;

(iii) Plastics – includes manufacturing and distribution of plastic bags; and

(iv) Others – includes corporate office and consolidation adjustments which are not directly attributable to a particular business segment above.

Notes to the Financial Statements (Cont'd)

24 Operating segments (continued)

The accounting policies of the reportable segments are the same as described in Note 3. Information regarding the results of each reportable segment is included below. Performance is measured based on profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Chairman and Managing Director. Profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Certain financing costs are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on mutually agreed terms.

Segment expenditure for non-current assets is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

Information about reportable segments

	Fish $'000	Accessories $'000	Plastics $'000	Others $'000	Total $'000
2020					
Revenue					
External revenue	27,836	39,315	8,082	–	75,233
Inter-segment revenue	1,744	9,630	118	(11,492)	–
Total revenue	29,580	48,945	8,200	(11,492)	75,233
Results					
EBITDA*	1,765	3,816	1,816	(2,460)	4,937
Depreciation and amortisation	(1,463)	(1,737)	(526)	–	(3,726)
Interest expense	(10)	(85)	(22)	(268)	(385)
Interest income	10	2	–	41	53
	302	1,996	1,268	(2,687)	879
Impairment loss on brooder stocks	(2,000)	–	–	–	(2,000)
(Loss) Profit before tax	(1,698)	1,996	1,268	(2,687)	(1,121)
Tax expense	(104)	(70)	–	(26)	(200)
(Loss) Profit for the year	(1,802)	1,926	1,268	(2,713)	(1,321)
Assets and liabilities					
Segment assets	32,757	36,622	6,227	2,156	77,762
Segment liabilities	5,152	6,086	2,288	14,501	28,027
Other segment information					
Expenditure for non-current assets	267	236	98	–	601
Other non-cash items					
Impairment loss (Reversal of impairment loss) on trade receivables	180	(45)	–	–	135
Allowance for inventory obsolescence	20	346	–	–	366
Loss (Gain) on disposal of					
- property, plant and equipment	–	–	3	–	3
- intangible assets	–	(136)	–	–	(136)
Gain on derecognition of right-of-use assets and lease liabilities	–	(4)	–	–	(4)
Property, plant and equipment written off	–	3	–	–	3

24 Operating segments (continued)

2019	Fish $'000	Accessories $'000	Plastics $'000	Others $'000	Total $'000
Revenue					
External revenue	29,847	35,478	11,590	–	76,915
Inter-segment revenue	2,416	3,412	172	(6,000)	–
Total revenue	32,263	38,890	11,762	(6,000)	76,915
Results					
EBITDA*	3,374	2,752	1,511	(2,978)	4,659
Depreciation and amortisation	(1,522)	(1,174)	(374)	–	(3,070)
Interest expense	(14)	(64)	(2)	(506)	(586)
Interest income	19	2	–	35	56
Profit (Loss) before tax	1,857	1,516	1,135	(3,449)	1,059
Tax expense	(39)	(45)	(25)	(6)	(115)
Profit (Loss) for the year	1,818	1,471	1,110	(3,455)	944
Assets and liabilities					
Segment assets	35,509	36,524	5,412	2,125	79,570
Segment liabilities	4,339	5,905	1,837	15,601	27,682
Other segment information					
Expenditure for non-current assets	553	312	163	–	1,028
Other non-cash items					
(Reversal of) Impairment loss on trade receivables	(92)	40	–	–	(52)
Allowance for inventory obsolescence	–	17	–	–	17
(Gain) Loss on disposal of property, plant and equipment	(6)	11	2	–	7
Property, plant and equipment written off	–	2	–	–	2

* *EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation*

Geographical segments

Geographical segments are analysed by four principal geographical areas, namely Singapore, other Asian countries, Europe and Others (i.e. the rest of the world). In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment non-current assets and segment assets are based on the geographical location of the assets.

Notes to the Financial Statements (Cont'd)

24 Operating segments (continued)

Geographical Information

	Singapore $'000	Other Asian countries $'000	Europe $'000	Others $'000	Consolidated $'000
2020					
Revenue from external customers	23,342	35,598	6,283	10,010	75,233
Segment non-current assets	19,980	5,407	–	–	25,387
Segment assets	48,489	29,273	–	–	77,762
2019					
Revenue from external customers	25,190	36,435	7,441	7,849	76,915
Segment non-current assets	22,237	6,488	–	–	28,725
Segment assets	49,278	30,292	–	–	79,570

Major customers

There are no customers contributing more than 10 percent to the revenue of the Group.

25 Financial risk management

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of trade and other receivables.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Impairment loss (Reversal of impairment loss) on trade receivables	134,675	(51,653)	114,000	(25,353)

25 Financial risk management (continued)

Trade receivables

Exposure to credit risk

A summary of the Group's and the Company's exposures to credit risk for trade receivables is as follows:

	2020		2019	
	Not credit-impaired $	Credit-impaired $	Not credit-impaired $	Credit-impaired $
Group				
- Four or more years' trading history with the Group*	10,506,586	–	13,034,733	–
- Less than four years' trading history with the Group*	2,717,832	–	2,722,508	–
- Higher risk	763,066	307,048	937,990	–
Total gross carrying amount	13,987,484	307,048	16,695,231	–
Loss allowance	(763,066)	(307,048)	(937,990)	–
	13,224,418	–	15,757,241	–
Company				
- Four or more years' trading history with the Group*	6,023,321	–	7,304,791	–
- Less than four years' trading history with the Group*	1,304,039	–	998,604	–
- Higher risk	410,785	294,215	591,000	–
Total gross carrying amount	7,738,145	294,215	8,894,395	–
Loss allowance	(410,785)	(294,215)	(591,000)	–
	7,327,360	–	8,303,395	–

* *Excluding 'higher risk'*

Expected credit loss assessment for customers

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

Notes to the Financial Statements (Cont'd)

25 Financial risk management (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers:

	Weighted average loss rate %	Gross carrying amount $	Impairment loss allowance $	Credit impaired
Group				
2020				
Current (not past due)	0.00	6,004,077	–	No
Past due 1 – 30 days	0.00	2,464,750	–	No
Past due 31 – 60 days	0.00	1,785,574	–	No
Past due 61 – 90 days	0.00	643,817	–	No
Past due more than 90 days	31.51	3,396,314	1,070,114	Yes
		14,294,532	1,070,114	
2019				
Current (not past due)	0.00	6,038,217	–	No
Past due 1 – 30 days	0.00	3,261,388	–	No
Past due 31 – 60 days	0.00	1,871,209	–	No
Past due 61 – 90 days	0.00	649,314	–	No
Past due more than 90 days	19.24	4,875,103	937,990	No
		16,695,231	937,990	
Company				
2020				
Current (not past due)	0.00	3,758,292	–	No
Past due 1 – 30 days	0.00	1,255,917	–	No
Past due 31 – 60 days	0.00	1,205,320	–	No
Past due 61 – 90 days	0.00	501,060	–	No
Past due more than 90 days	53.74	1,311,771	705,000	Yes
		8,032,360	705,000	
2019				
Current (not past due)	0.00	3,276,979	–	No
Past due 1 – 30 days	0.00	1,286,868	–	No
Past due 31 – 60 days	0.00	1,211,693	–	No
Past due 61 – 90 days	0.00	396,510	–	No
Past due more than 90 days	21.71	2,722,345	591,000	No
		8,894,395	591,000	

25 Financial risk management (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Balance at 1 January	937,990	1,483,905	591,000	1,096,967
Impairment loss (Reversal of impairment loss)	134,675	(51,653)	114,000	(25,353)
Amounts written off against impairment loss made	(41)	(504,852)	–	(480,614)
Translation differences on consolidation	(2,510)	10,590	–	–
Balance at 31 December	1,070,114	937,990	705,000	591,000

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of $3,053,620 (2019: $3,042,778). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for other receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $19,097,923 and $10,265,172 at 31 December 2020 (2019: $13,784,384 and $7,501,163). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Baa1 to Aa1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Notes to the Financial Statements (Cont'd)

25 Financial risk management (continued)

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than Singapore dollars. The currencies giving rise to this risk are primarily the United States Dollar (US Dollar), Euro, Malaysian Ringgit, Thai Baht and Chinese Renminbi.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase (decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group $	Company $
31 December 2020		
US Dollar	(818,849)	(616,010)
Euro	116,653	10,314
Malaysian Ringgit	(339,321)	224
Thai Baht	(209,973)	–
Chinese Renminbi	(68,360)	98,467
New Taiwan Dollar	18,552	13,423
Indonesian Rupiah	(25,669)	–
31 December 2019		
US Dollar	(552,599)	(427,907)
Euro	(49,194)	(16,671)
Malaysian Ringgit	(282,912)	495
Thai Baht	(197,906)	–
Chinese Renminbi	(184,611)	36,554
Australian Dollar	3,163	3,163
New Taiwan Dollar	12,737	10,757
Indonesian Rupiah	(4,335)	–

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Business risk

The main risk arising from the Group's livestock is business risk. The Group has institutionalised a comprehensive health management and quarantine system for all its domestic and overseas operations to ensure a consistently high standard of good healthcare management and hygiene for its livestock. Currently, all its domestic and overseas fish operations have attained ISO 9001: 2008 certification.

Interest rate risk

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

25 Financial risk management (continued)

The following table sets out the carrying amounts as at 31 December, by maturity or repricing, whichever is earlier, of the financial instruments of the Group and the Company that are exposed to interest rate risk:

	Within 1 year $	1 to 5 years $	More than 5 years $	Total $
Group				
2020				
Financial liabilities				
Fixed rate				
Bills payable to banks	82,203	–	–	82,203
Lease liabilities	1,598,026	1,272,743	–	2,870,769
	1,680,229	1,272,743	–	2,952,972
Floating rate				
Bank term loans	14,000,000	–	–	14,000,000
2019				
Financial liabilities				
Fixed rate				
Bills payable to banks	184,712	–	–	184,712
Lease liabilities	1,122,637	1,478,011	22,408	2,623,056
	1,307,349	1,478,011	22,408	2,807,768
Floating rate				
Bank term loans	15,000,000	–	–	15,000,000
Company				
2020				
Financial liabilities				
Fixed rate				
Lease liabilities	157,925	94,457	–	252,382
	157,925	94,457	–	252,382
Floating rate				
Bank term loans	14,000,000	–	–	14,000,000
2019				
Financial liabilities				
Fixed rate				
Bills payable to banks	106,616	–	–	106,616
Lease liabilities	200,683	209,313	–	409,996
	307,299	209,313	–	516,612
Floating rate				
Bank term loans	15,000,000	–	–	15,000,000

Notes to the Financial Statements (Cont'd)

25 Financial risk management (continued)

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a change of 100 basis point (bp) in interest rate at the reporting date would increase (decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp Increase $	**100 bp Decrease $**
Group		
31 December 2020		
Floating rate instruments	(140,000)	140,000
31 December 2019		
Floating rate instruments	(150,000)	150,000
Company		
31 December 2020		
Floating rate instruments	(140,000)	140,000
31 December 2019		
Floating rate instruments	(150,000)	150,000

Intra-group financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries or related parties.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to approximately $1.7 million (2019: $1.7 million).

25 Financial risk management (continued)

Accounting classifications and fair values

The carrying amounts of financial assets and financial liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Amortised cost $	Other financial liabilities $	Total carrying amount $
Group			
2020			
Financial assets			
Trade and other receivables#	14,607,695	–	14,607,695
Cash and cash equivalents	19,097,923	–	19,097,923
	33,705,618	–	33,705,618
Financial liabilities			
Lease liabilities	–	(2,870,769)	(2,870,769)
Bank term loans	–	(14,000,000)	(14,000,000)
Bills payable to banks	–	(82,203)	(82,203)
Trade and other payables*	–	(9,768,048)	(9,768,048)
	–	(26,721,020)	(26,721,020)
2019			
Financial assets			
Trade and other receivables#	17,271,752	–	17,271,752
Cash and cash equivalents	13,784,384	–	13,784,384
	31,056,136	–	31,056,136
Financial liabilities			
Lease liabilities	–	(2,623,056)	(2,623,056)
Bank term loans	–	(15,000,000)	(15,000,000)
Bills payable to banks	–	(184,712)	(184,712)
Trade and other payables*	–	(9,096,906)	(9,096,906)
	–	(26,904,674)	(26,904,674)

Excludes prepayments and advances to suppliers.

* *Excludes advance received from customers and deferred grant income.*

Notes to the Financial Statements (Cont'd)

25 Financial risk management (continued)

	Amortised cost $	Other financial liabilities $	Total carrying amount $
Company			
2020			
Financial assets			
Trade and other receivables#	26,006,352	–	26,006,352
Cash and cash equivalents	10,265,172	–	10,265,172
	36,271,524	–	36,271,524
Financial liabilities			
Lease liabilities	–	(252,382)	(252,382)
Bank term loans	–	(14,000,000)	(14,000,000)
Trade and other payables*	–	(8,416,938)	(8,416,938)
	–	(22,669,320)	(22,669,320)
2019			
Financial assets			
Trade and other receivables#	27,589,693	–	27,589,693
Cash and cash equivalents	7,501,163	–	7,501,163
	35,090,856	–	35,090,856
Financial liabilities			
Lease liabilities	–	(409,996)	(409,996)
Bank term loans	–	(15,000,000)	(15,000,000)
Bills payable to banks	–	(106,616)	(106,616)
Trade and other payables*	–	(7,021,414)	(7,021,414)
	–	(22,538,026)	(22,538,026)

Excludes prepayments and advances to suppliers.

* *Excludes advance received from customers and deferred grant income.*

26 Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumption made in determining fair value is disclosed in the notes specific to that asset or liability.

Interest-bearing bank loans

The carrying value of interest-bearing bank loans that reprice within six months of the reporting date is assumed to approximate their fair values. The carrying amounts of the term loans also approximate fair value as it is subject to floating interest rates which in turn approximate the current market interest rate for similar loan at reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, bills payable to banks and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Biological assets - breeder stocks

Breeder stocks are the offsprings of brooder stocks, held for trading purposes. The holding period of these breeder stocks is usually 2 to 3 months before they are put up for sale. As at the reporting date, these stocks are measured based on their fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss. The fair value is determined based on the age, breed and genetic merit of similar fish that can be purchased from suppliers. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

Fair value hierarchy

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
Group and Company				
31 December 2020				
Breeder stocks	–	–	311,820	311,820
31 December 2019				
Breeder stocks	–	–	119,730	119,730

The entity's policy is to recognise transfers out of Level 3 as of the end of the reporting period during which the transfer occurred.

Notes to the Financial Statements (Cont'd)

26 Measurement of fair values (continued)

The following table shows the key unobservable inputs used in the valuation models:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets		
Breeder stocks	• Premiums on quality, estimated based on colour and size • Estimated future breeder market price	As the estimated fair value increases, the higher is the estimated selling price and premium of breeder.

Valuation processes applied by the Group

The assessment of fair value of breeder stocks is performed by the Group's finance department and operations team on a quarterly basis. The finance department reports to the Group's Finance Director (FD).

27 Acquisition of non-controlling interests and subsidiary

Acquisition of non-controlling interests

During the current financial year, the Group acquired an additional 40% interest in Tian Tian Fisheries (Hainan) Co., Ltd ("Tian Tian"), increasing its ownership from 60% to 100%. The carrying amount of Tian Tian's net assets in the Group's consolidation financial statements on the date of acquisition was $270,060.

	2020 $
Carrying amount of NCI acquired ($270,060 x 40%)	108,024
Consideration paid to NCI	121,380
Decrease in equity attributable to owners of the Company	(13,356)

The decrease in equity attributable to owners of the Company comprised:

- A decrease in retained earnings of $10,798; and
- A decrease in translation reserve of $2,558.

Acquisition of subsidiary

In the previous financial year, the Group acquired a wholly owned subsidiary, GZQH from a third party. The final allocation of the purchase price to the identifiable assets acquired and liabilities assumed in the business combination was completed during the year. There were no adjustments required in the fair value of consideration transferred and identifiable assets and liabilities that was determined provisionally.

27 Acquisition of non-controlling interests and subsidiary (continued)

Acquisition of subsidiary (continued)

The attributable assets and liabilities of the subsidiary acquired and the cash flows relating to the acquisition are set out as follows:-

	Note	2019 $
Property, plant and equipment	4	1,157,541
Inventories		3,869,955
Trade and other receivables		2,735,872
Cash and cash equivalents		151,474
Trade and other payables		(11,104,895)
Lease liabilities		(842,709)
Net liabilities acquired		(4,032,762)
Goodwill on acquisition	6	4,046,430
Total consideration paid		13,668

Net cash inflow arising from acquisition of subsidiary:

	2019 $
Purchase consideration settled in cash and cash equivalents	(13,668)
Cash and cash equivalents acquired	151,474
	137,806

GZQH contributed revenue of $575,002 and a net loss after tax of $18,888 for the period from 1 December 2019 to 31 December 2019.

28 Leases

Leases as lessee (SFRS(I) 16)

The Group leases offices, warehouses, factories, retail spaces, farm facilities, office equipment and motor vehicles. The leases typically run for a period of three to five years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouse and factory leases were entered into many years ago as combined leases of land and buildings.

Notes to the Financial Statements (Cont'd)

28 Leases (continued)

Leases as lessee (SFRS(I) 16) (continued)

The Group leases IT equipment and certain properties with contract terms of one year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

	Leasehold land and buildings $	Furniture, fittings and office equipment $	Total $
Group			
Balance at 1 January 2019	1,086,593	76,585	1,163,178
Depreciation charge for the year	(741,342)	(24,714)	(766,056)
Additions to right-of-use assets	1,021,213	–	1,021,213
Acquisition via business combination	842,709	–	842,709
Translation difference on consolidation	(5,867)	–	(5,867)
Balance at 31 December 2019	2,203,306	51,871	2,255,177
Balance at 1 January 2020	2,203,306	51,871	2,255,177
Depreciation charge for the year	(1,371,414)	(24,093)	(1,395,507)
Additions to right-of-use assets	1,768,221	14,506	1,782,727
Derecognition of right-of-use assets	(64,853)	(1,258)	(66,111)
Translation difference on consolidation	47,821	–	47,821
Balance at 31 December 2020	2,583,081	41,026	2,624,107
Company			
Balance at 1 January 2019	189,362	69,353	258,715
Depreciation charge for the year	(58,265)	(20,941)	(79,206)
Balance at 31 December 2019	131,097	48,412	179,509
Balance at 1 January 2020	131,097	48,412	179,509
Depreciation charge for the year	(58,266)	(20,941)	(79,207)
Balance at 31 December 2020	72,831	27,471	100,302

Amounts recognised in profit or loss

	2020 $	2019 $
Interest on lease liabilities	108,936	64,563
Expenses relating to short-term leases	90,667	219,486

28 Leases (continued)

Amounts recognised in statement of cash flows

	2020 $	2019 $
Total cash outflow for leases	1,670,364	1,012,973

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Statistics of Shareholdings

As at 8 February 2021

Class of Shares	:	Ordinary shares
Number of Shares Issued	:	113,526,467
Issued and Fully Paid-Up Capital	:	$30,772,788
Voting Rights	:	On a poll - One vote for each ordinary share
Number of Treasury Shares	:	Nil

Analysis of Shareholders

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 99	219	9.46	8,159	0.01
100 - 1,000	430	18.57	204,610	0.18
1,001 - 10,000	1,003	43.33	4,565,206	4.02
10,001 - 1,000,000	641	27.69	30,258,748	26.65
1,000,001 and above	22	0.95	78,489,744	69.14
Total	2,315	100.00	113,526,467	100.00

Substantial Shareholders

		Shareholdings registered in the name of the substantial shareholders		Shareholdings held by substantial shareholders in the name of nominees	
	Name of Substantial Shareholder	No. of Shares	%	No. of Shares	%
1	Qian Hu Holdings Pte Ltd	27,250,000	24.00	–	–
2	Yap Ah Seng Alvin*	3,951,138	3.48	–	–
3	Yap Ah Siong Andy*	3,925,000	3.46	–	–
4	Yap Kim Choon*	3,925,000	3.46	–	–
5	Yap Kim Lee Kenny*	3,500,000	3.08	–	–
6	Yap Hock Huat*	3,000,000	2.64	–	–
7	Yap Ping Heng*	3,000,000	2.64	–	–
8	Yap Kim Chuan*	1,505,498	1.33	2,419,500	2.13

* *Each has a shareholding of 14.04% in Qian Hu Holdings Pte Ltd ("QHHPL") except for Yap Kim Lee Kenny whose shareholding in QHHPL is 15.76%.*

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	Qian Hu Holdings Pte Ltd	27,250,000	24.00
2	Yap Ah Seng Alvin	3,951,138	3.48
3	Yap Ah Siong Andy	3,925,000	3.46
4	Yap Kim Choon	3,925,000	3.46
5	Yap Kim Lee Kenny	3,500,000	3.08
6	Ang Hao Yao (Hong Haoyao)	3,333,340	2.94
7	Simon Seah Seow Kee	3,217,850	2.83
8	Yap Hock Huat	3,000,000	2.64
9	Yap Ping Heng	3,000,000	2.64
10	Ng Chuen Guan	2,840,000	2.50
11	Choo Chee Kiong	2,500,000	2.20
12	Yap Chew Ring	2,424,475	2.14
13	Hong Leong Finance Nominees Pte Ltd	2,419,500	2.13
14	Phillip Securities Pte Ltd	1,757,412	1.55
15	Yap Hey Cha	1,750,000	1.54
16	Ang Kim Sua	1,723,500	1.52
17	Wong Bei Keen	1,527,500	1.35
18	Yap Kim Chuan	1,505,498	1.33
19	Tan Boon Kim	1,330,581	1.17
20	Lim Yew Hoe	1,293,750	1.14
	Total	76,174,544	67.10

Shareholding Held in the Hands of Public

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 44.49% of the issued share capital of the Company was held in the hands of the public as at 8 February 2021. Accordingly, Rule 723 of the Singapore Exchange Listing Manual has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of Qian Hu Corporation Limited (the "**Company**") will be held by electronic means on Monday, 29 March 2021 at 11.00 a.m. to transact the following business:

Ordinary Business

1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020 and the Auditors' Report thereon. **[Resolution 1]**

2 To declare a final dividend of 0.2 cents Singapore Dollar per ordinary share one-tier tax exempt for the financial year ended 31 December 2020. **[Resolution 2]**

3 To re-elect Ms Soong Wee Choo in accordance with Regulation 90 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (a)] **[Resolution 3]**

4 To note Mr Alvin Yap Ah Seng who is retiring and eligible for re-election in accordance with Regulation 91 of the Company's Constitution, as Director of the Company has decided not to seek re-election.

5 To note Mr Tan Tow Ee who is retiring and eligible for re-election in accordance with Regulation 91 of the Company's Constitution, as Director of the Company has decided not to seek re-election.

6 To approve the sum of S$108,000 as Directors' fees for the financial year ended 31 December 2020. (2019: S$108,000) **[Resolution 4]**

7 To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

8 To transact any other business that may be transacted at an Annual General Meeting.

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modifications:-

9 **General Mandate to authorise the Directors to issue shares or convertible securities**

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**"), the Constitution and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements, or options (collectively, **"Instruments"**) that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force):

(i) issue additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and

Notice of Annual General Meeting (Cont'd)

(ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in (b)(i) above,

Provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:-

    (a) new Shares arising from the conversion or exercise of convertible securities;

    (b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

    (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (b)] **[Resolution 6]**

By Order of the Board

Lai Chin Yee
Company Secretary

Singapore
1 March 2021

Explanatory Notes:

(a) Ms Soong Wee Choo, if re-elected, will remain as a member of the Company's Audit Committee and Nominating Committee and will also continue to remain as the Chairman of the Remuneration Committee. Ms Soong Wee Choo will be considered as an Independent Director of the Company. Pursuant to Rule 720(6) of the Listing Manual, further information on Ms Soong Wee Choo is set out on pages 175 to 177 of the Company's Annual Report 2020.

(b) The ordinary resolution 6, under item 9 above, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting of the Company, to issue shares and convertible securities in the Company up to an aggregate number not exceeding 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company, of which the aggregate number issued other than on a *pro rata* basis to all existing shareholders of the Company shall not exceed 10% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company, as more particularly set out in the resolution.

Notes:

1. The Twenty-Second Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Accordingly, this Notice will be sent to members by electronic means via publication on the Company's corporate website at the URL http://www.qianhu.com/investor-relations/annual-reports under "Annual Report 2020" and is also made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this Notice will also be sent by post to members.

2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 1 March 2021. This announcement may be accessed at the Company's corporate website and on SGXNet. For convenience, printed copies of this announcement will also be sent by post to members.

3. Members who wish to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream must pre-register at the Company's pre-registration website at the URL https://globalmeeting.bigbangdesign.co/qianhu2021/ by 11.00 a.m. on 26 March 2021 to enable the verification of members' status.

   Following the verification, authenticated members will receive a confirmation email, which will contain the instructions to access the live audio-visual webcast or the live audio-only stream of the AGM proceedings, by 5.00 p.m. on 27 March 2021. Members who do not receive a confirmation email by 5.00 p.m. on 27 March 2021, but have registered by the 26 March 2021 deadline, should contact the Company's Share Registrar, M & C Services Private Limited, at +65 6228 0518 between 9.00 a.m. and 6.00 p.m. on 28 March 2021 or between 9.00 a.m. and 11.00 a.m. on 29 March 2021 for assistance.

4. Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner by 5.00 p.m. on 22 March 2021:

   (a) via pre-registration website at the URL https://globalmeeting.bigbangdesign.co/qianhu2021/

   (b) by email to investor@qianhu.com

   The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet prior to the AGM.

5. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form may be accessed at the Company's corporate website and on SGXNet. For convenience, printed copies of the proxy form will also be sent by post to members.

Notice of Annual General Meeting (Cont'd)

6. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

7. CPFIS and SRS investors who hold Qian Hu shares through CPF Agent Banks or SRS Operators and who wish to request their CPF Agent Banks or SRS Operators to appoint the Chairman of the Meeting as their proxy in respect of the Qian Hu shares held by such CPF Agent Banks or SRS Operators on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 March 2021.

8. The Chairman of the AGM, as proxy, need not be a member of the Company.

9. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902

   (b) if submitted electronically, be submitted via email to M & C Services Private Limited at GPD@mncsingapore.com

   in each case, by 11.00 a.m. on 26 March 2021, being no later than 72 hours before the time fixed for the AGM.

10. The Company's Annual Report 2020 dated 1 March 2021 has been published and may be accessed at the Company's corporate website at the URL http://www.qianhu.com/investor-relations/annual-reports under "Annual Report 2020" and is also made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Register of Transfer and the Register of Members of the Company will be closed on 13 April 2021 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5:00 p.m. on 12 April 2021 will be registered to determine shareholders' entitlements to the said dividend.

Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares at 5:00 p.m. on 12 April 2021 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the Twenty-Second Annual General Meeting to be held on 29 March 2021, will be paid on 26 April 2021.

Supplemental Information on Director Seeking Re-Election

At the 22nd Annual General Meeting

[Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1.]

Name of retiring director	Ms Soong Wee Choo
Date of first appointment	1 April 2020
Age	53
Country of principal residence	Republic of Singapore
Job Title	• Non-Executive Independent Director • Chairperson of the Remuneration Committee • Member of the Audit Committee • Member of the Nominating Committee
The Board's comments on the re-appointment	Ms Soong's extensive knowledge on financial and regulatory issues will provide greater balance and diversity of skills, experience and knowledge that contribute towards the core competencies of the Board. The Board considered the Nominating Committee's recommendation and assessment on Ms Soong's background, expertise, experience, independence and commitment in the discharge of her duties as an Independent Director of Qian Hu Corporation Limited, and is satisfied that she will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Professional qualifications	• Bachelor's degree in Accountancy, National University of Singapore • Fellow member – Institute of Singapore Chartered Accountants (ISCA) • Member – Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	From 2008 to 2016: Executive Director & Chief Financial Officer, Chosen Holdings Limited From 2017 to 2018: Chief Financial Officer, No Signboard Holdings Limited From 2018 to Present: Director, Wizcorp Advisory Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Nil
Relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

Supplemental Information on Director Seeking Re-Election
At the 22nd Annual General Meeting (Cont'd)

Name of retiring director	Ms Soong Wee Choo
Other Principal Commitments including Directorships Past (for the last 5 years):	 Chosen Holdings Limited Symbonic Pte Ltd Chosen Plastic Sdn. Bhd. Chosen Manufacturing Sdn. Bhd. Chosen Enterprise (Shanghai) Co., Ltd Chosen Electronics Assembly (Shanghai) Co., Ltd Chosen Enterprise (Dongguan) Co., Ltd Chosen Moulding & Assembly (Wuxi) Co., Ltd
Present:	Director of Qian Hu Corporation Limited (listed on SGX)

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No
(e)	Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No

Name of retiring director		Ms Soong Wee Choo
(f)	Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No
(g)	Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No
(j)	Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	
(k)	Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

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QIAN HU CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199806124N)

PROXY FORM

IMPORTANT:
1. The AGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. **Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person.**
3. Alternative arrangements relating to attendance at the AGM by way of electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM dated 1 March 2021.
4. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
5. CPFIS or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 March 2021.
6. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 1 March 2021.
7. **Please read the AGM notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a Member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We ____________________ NRIC/Passport/Co. Registration No. ____________________

of ____

being a member/members of **QIAN HU CORPORATION LIMITED** hereby appoint the Chairman of the Annual General Meeting (the "**AGM**") as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on **Monday, 29 March 2021 at 11.00 a.m.** and at any adjournment thereof.

I/We direct my/our proxy to vote for, against or to abstain from voting the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions Relating To:	For	Against	Abstain
AS ORDINARY BUSINESS				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	Payment of proposed final dividend			
3	Re-election of Ms Soong Wee Choo as director			
4	Approval of directors' fees			
5	Re-appointment of KPMG LLP as auditors			
AS SPECIAL BUSINESS				
6	Authority to issue shares			

Voting would be conducted by poll. If you wish the Chairman of the AGM as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please indicate with a tick [✓] in the "For" or "Against" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting from a resolution, please indicate with a tick [✓] in the "Abstain" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "Abstain" in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this ____________ day of ____________ 2021.

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

Total Number of Shares Held

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. **Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person**. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. CPFIS and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 March 2021.

4. The Chairman of the AGM, as proxy, need not be a Member of the Company.

5. The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:
   (a) if submitted by post, be lodged at the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902

   (b) if submitted electronically, be submitted via email to M & C Services Private Limited at GPD@mncsingapore.com

   in each case, by 11.00 a.m. on 26 March 2021, being no later than 72 hours before the time fixed for the AGM.

   A Member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised. Where the instrument appointing Chairman of the AGM as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the AGM as proxy is submitted by post, be lodged with the instrument of proxy, or if the instrument appointing the Chairman of the AGM as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged or submitted if the member, being the appointer, is not shown to have any shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 1 March 2021.

QIAN HU CORPORATION LIMITED
COMPANY REGISTRATION NO.: 199806124N

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