



**Interim Financial Information
For the Second Half and Financial Year Ended
31 December 2021**

QIAN HU CORPORATION LIMITED

Incorporated in the Republic of Singapore
Company Registration Number – 199806214N

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QIAN HU CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. : 199806124N)

**INTERIM FINANCIAL INFORMATION
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2021**

STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31 Dec 2021 \$	As at 31 Dec 2020 \$	As at 31 Dec 2021 \$	As at 31 Dec 2020 \$
ASSETS					
Property, plant and equipment	3	8,585,515	10,312,292	3,747,518	3,572,153
Biological assets - brooder stocks	4	7,854,585	8,040,112	7,854,585	8,040,112
Intangible assets	5	6,905,452	7,034,119	2,859,022	2,981,022
Subsidiaries		-	-	4,023,450	4,023,450
Trade and other receivables	7	-	-	5,985,713	-
Non-current assets		23,345,552	25,386,523	24,470,288	18,616,737
Biological assets - breeder stocks	4	183,240	311,820	183,240	311,820
Inventories	6	15,980,161	16,979,890	4,391,859	4,574,085
Trade and other receivables	7	13,613,388	16,190,605	18,268,904	26,664,199
Cash and cash equivalents		21,671,287	19,097,923	12,568,403	10,265,172
Current assets		51,448,076	52,580,238	35,412,406	41,815,276
Total assets		74,793,628	77,966,761	59,882,694	60,432,013
EQUITY					
Share capital	8	30,772,788	30,772,788	30,772,788	30,772,788
Reserves		17,547,455	16,583,703	7,905,124	6,433,375
Equity attributable to owners of the Company		48,320,243	47,356,491	38,677,912	37,206,163
Non-controlling interests		2,310,722	2,378,594	-	-
Total equity		50,630,965	49,735,085	38,677,912	37,206,163
LIABILITIES					
Loans and borrowings	9	401,953	1,272,743	80,596	94,457
Deferred tax liabilities		73,272	70,547	-	-
Non-current liabilities		475,225	1,343,290	80,596	94,457
Loans and borrowings	9	13,047,489	15,680,229	12,055,789	14,157,925
Trade and other payables	10	10,174,323	10,794,124	8,860,940	8,766,011
Current tax payable		465,626	414,033	207,457	207,457
Current liabilities		23,687,438	26,888,386	21,124,186	23,131,393
Total liabilities		24,162,663	28,231,676	21,204,782	23,225,850
Total equity and liabilities		74,793,628	77,966,761	59,882,694	60,432,013
Inventory turnover (days)		115	131	58	69
Trade receivables turnover (days)		50	64	52	67
Debt equity ratio (times)		0.48	0.56	0.55	0.62



QIAN HU CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group			Group		
		6 months ended 31 Dec		Change	Financial year ended 31 Dec		Change
		2021	2020		2021	2020	
		\$	\$	%	\$	\$	%
Revenue	11	40,288,279	42,011,750	(4.1)	80,002,685	75,233,353	6.3
Cost of sales		(26,440,290)	(27,444,929)	(3.7)	(53,185,840)	(49,956,053)	6.5
Gross profit		13,847,989	14,566,821	(4.9)	26,816,845	25,277,300	6.1
Other income	12	1,713,344	364,291	370.3	3,524,246	773,066	355.9
Selling & distribution expenses		(1,987,111)	(1,115,190)	78.2	(3,110,496)	(2,144,764)	45.0
General & administrative expenses		(11,996,074)	(14,520,829)	(17.4)	(24,213,244)	(24,559,553)	(1.4)
(Impairment loss)							
Reversal of impairment loss on trade receivables		(271,155)	181,841	249.1	(485,195)	(134,675)	260.3
Results from operating activities		1,306,993	(523,066)	349.9	2,532,156	(788,626)	421.1
Finance income		17,014	21,659	(21.4)	30,766	52,930	(41.9)
Finance costs		(117,398)	(155,742)	(24.6)	(252,107)	(384,939)	(34.5)
Net finance costs	13	(100,384)	(134,083)	(25.1)	(221,341)	(332,009)	(33.3)
Profit (Loss) before tax	14	1,206,609	(657,149)	283.6	2,310,815	(1,120,635)	306.2
Tax expense	15	(196,358)	(156,878)	25.2	(310,189)	(200,420)	54.8
Profit (Loss) for the period/year		1,010,251	(814,027)	224.1	2,000,626	(1,321,055)	251.4
Profit (Loss) attributable to:							
Owners of the Company		863,347	(927,472)	193.1	1,719,847	(1,452,709)	218.4
Non-controlling interests		146,904	113,445	29.5	280,779	131,654	113.3
Profit (Loss) for the period/year		1,010,251	(814,027)	224.1	2,000,626	(1,321,055)	251.4
Earnings (Loss) per share (cents)	16						
Basic		0.76	(0.82)		1.51	(1.28)	
Diluted		0.76	(0.82)		1.51	(1.28)	
Gross profit margin		34.4%	34.7%		33.5%	33.6%	
Net profit (loss) margin		2.5%	(1.9%)		2.5%	(1.8%)	
Effective tax rate					12.6%	NM	
Return on equity					3.6%	(3.1%)	

NM: Not meaningful



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<u>Group</u>			<u>Group</u>		
	<u>6 months ended 31 Dec</u>		<u>Change</u>	<u>Financial year ended 31 Dec</u>		<u>Change</u>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
	\$	\$	%	\$	\$	%
Profit (Loss) for the period/year	1,010,251	(814,027)	224.1	2,000,626	(1,321,055)	251.4
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations, net of tax	(281,376)	(222,712)	26.3	(715,294)	(263,398)	171.6
Other comprehensive income for the period/year, net of tax	(281,376)	(222,712)	26.3	(715,294)	(263,398)	171.6
Total comprehensive income for the period/year	728,875	(1,036,739)	170.3	1,285,332	(1,584,453)	181.1
Total comprehensive income attributable to:						
Owners of the Company	656,471	(1,093,450)	160.0	1,190,804	(1,683,504)	170.7
Non-controlling interests	72,404	56,711	27.7	94,528	99,051	(4.6)
Total comprehensive income for the period/year	728,875	(1,036,739)	170.3	1,285,332	(1,584,453)	181.1



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STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to owners of the Company				Non-Controlling interests	Total equity
	Share capital	Retained earnings	Translation reserve	Total		
	\$	\$	\$	\$	\$	\$
At 1 January 2020	30,772,788	18,247,151	373,992	49,393,931	2,493,407	51,887,338
Total comprehensive income for the year						
(Loss) Profit 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	-	(1,452,709)	(230,795)	(1,683,504)	99,051	(1,584,453)
Transactions with owners of the Company, recognised directly in equity						
<i>Distributions to owners</i>						
Dividends paid	-	(340,580)	-	(340,580)	(105,840)	(446,420)
Total distributions to owners of the Company	-	(340,580)	-	(340,580)	(105,840)	(446,420)
<i>Changes in ownership interests</i>						
Acquisition of non-controlling interests	-	(10,798)	(2,558)	(13,356)	(108,024)	(121,380)
Total changes in ownership interests	-	(10,798)	(2,558)	(13,356)	(108,024)	(121,380)
Total transactions with owners of the Company	-	(351,378)	(2,558)	(353,936)	(213,864)	(567,800)
At 31 December 2020	30,772,788	16,443,064	140,639	47,356,491	2,378,594	49,735,085



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STATEMENTS OF CHANGES IN EQUITY (cont'd)

Group	Attributable to owners of the Company			Total	Non-Controlling interests	Total equity
	Share capital	Retained earnings	Translation reserve			
	\$	\$	\$	\$	\$	\$
At 1 January 2021	30,772,788	16,443,064	140,639	47,356,491	2,378,594	49,735,085
Total comprehensive income for the year						
Profit for the year	-	1,719,847	-	1,719,847	280,779	2,000,626
Other comprehensive income						
Foreign currency translation differences for foreign operations, net of tax	-	-	(529,043)	(529,043)	(186,251)	(715,294)
Total other comprehensive income	-	-	(529,043)	(529,043)	(186,251)	(715,294)
Total comprehensive income for the year	-	1,719,847	(529,043)	1,190,804	94,528	1,285,332
Transactions with owners of the Company, recognised directly in equity						
<i>Distributions to owners</i>						
Dividends paid	-	(227,052)	-	(227,052)	(162,400)	(389,452)
Total transactions with owners of the Company	-	(227,052)	-	(227,052)	(162,400)	(389,452)
At 31 December 2021	30,772,788	17,935,859	(388,404)	48,320,243	2,310,722	50,630,965



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STATEMENTS OF CHANGES IN EQUITY (cont'd)

Company	Share capital \$	Retained earnings \$	Translation reserve \$	Total equity \$
At 1 January 2020	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 of the Company, recognised directly in equity				
<i>Distributions to owners</i>				
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
Total comprehensive income for the year				
Profit for the year	-	1,791,116	-	1,791,116
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	-	-	(92,315)	(92,315)
Total other comprehensive income	-	-	(92,315)	(92,315)
Total comprehensive income for the year	-	1,791,116	(92,315)	1,698,801
Transactions with owners of the Company, recognised directly in equity				
<i>Distributions to owners</i>				
Dividends paid	-	(227,052)	-	(227,052)
Total transactions with owners of the Company	-	(227,052)	-	(227,052)
At 31 December 2021	30,772,788	8,011,388	(106,264)	38,677,912



QIAN HU CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Group	
	6 months ended 31 Dec 2021	2020	Financial year ended 31 Dec 2021	2020
	\$	\$	\$	\$
Cash flows from operating activities				
Profit (Loss) before tax	1,206,609	(657,149)	2,310,815	(1,120,635)
Adjustments for:				
Amortisation of intangible assets	61,000	74,333	128,667	148,666
Impairment loss (Reversal of impairment loss)				
on trade receivables	271,155	(181,841)	485,195	134,675
Allowance for inventory obsolescence	125,000	188,000	610,000	366,000
Depreciation of				
- property, plant and equipment	1,618,733	1,728,433	3,282,117	3,337,076
- brooder stocks	92,765	120,140	185,527	240,275
Property, plant and equipment written off	-	278	147	2,804
(Gain) Loss on disposal of				
- property, plant and equipment	(698)	2,925	(18,829)	2,698
- intangible asset	-	(135,869)	-	(135,869)
Impairment loss on brooder stocks	-	2,000,000	-	2,000,000
Gain on derecognition of				
right-of-use assets and lease liabilities	-	(3,983)	(11,080)	(3,983)
Finance costs	117,398	155,742	252,107	384,939
Finance income	(17,014)	(21,659)	(30,766)	(52,930)
	3,474,948	3,269,350	7,193,900	5,303,716
Changes in working capital:				
Inventories	917,374	882,519	86,086	508,828
Breeder stocks	(65,370)	(192,180)	128,580	(192,090)
Trade and other receivables	594,570	(211,117)	1,992,588	2,683,186
Trade and other payables	(669,100)	2,165,854	(650,564)	958,880
Cash generated from operations	4,252,422	5,914,426	8,750,590	9,262,520
Tax paid	(61,626)	(59,331)	(233,976)	(102,746)
Net cash from operating activities	4,190,796	5,855,095	8,516,614	9,159,774
Cash flows from investing activities				
Purchase of property, plant and equipment	(915,525)	(392,294)	(1,478,995)	(551,875)
Interest received	17,014	21,659	30,766	52,930
Proceeds from disposal of				
- property, plant and equipment	3,740	3,080	21,871	12,299
- intangible asset	-	139,560	-	139,560
Net cash used in investing activities	(894,771)	(227,995)	(1,426,358)	(347,086)



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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash flows from financing activities				
Dividends paid to				
- owners of the Company	-	-	(227,052)	(340,580)
- non-controlling interests	(162,400)	(105,840)	(162,400)	(105,840)
Drawdown of bank term loans	-	-	-	1,000,000
Interest paid	(118,229)	(156,884)	(252,226)	(396,472)
Repayment of				
- lease liabilities	(823,307)	(841,130)	(1,621,633)	(1,561,428)
- bank term loans	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Acquisition of non-controlling interests	-	(121,380)	-	(121,380)
Net cash used in financing activities	(3,103,936)	(3,225,234)	(4,263,311)	(3,525,700)
Net increase in cash and cash equivalents	192,089	2,401,866	2,826,945	5,286,988
Cash and cash equivalents at beginning of period/year	21,570,742	16,693,523	19,097,923	13,784,384
Effect of exchange rate fluctuations on cash held	(91,544)	2,534	(253,581)	26,551
Cash and cash equivalents at end of period/year				
(Note i)	21,671,287	19,097,923	21,671,287	19,097,923

(i) Cash and cash equivalents comprised:

	Group	
	As at	As at
	31 Dec 2021	31 Dec 2020
	\$	\$
Short-term deposits	1,460,947	1,452,949
Cash and bank balances	20,210,340	17,644,974
	21,671,287	19,097,923



QIAN HU CORPORATION LIMITED

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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Corporate information

Qian Hu Corporation Limited (the Company) is incorporated in the Republic of Singapore.

These condensed interim financial statements as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group and the Company are those relating to import, export, farming, breeding and distribution of ornamental/edible fishes and aquarium and pet accessories, as well as the manufacturing and distribution of aquarium accessories and plastic bags (see Notes 11 and 20).

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the financial year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last annual financial statements for the year ended 31 December 2020.

Other than the adoption of the amended standards as set out in Note 2.5, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2020, which were in accordance with SFRS(I)s.

2.2 Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

The condensed interim financial statements have been prepared on a going concern basis, since the directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

2.3 Functional and presentation currencies

The condensed interim financial statements are presented in Singapore dollars, which is the Company’s functional currency.

2.4 Uses of estimates and judgements

The preparation of the condensed interim financial statements in conformity with SFRS(I) 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.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

2.4 Uses of estimates and judgements (cont'd)

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 reporting period are included in the following notes:

- Notes 4 and 5 – impairment test of biological assets and intangible assets: key assumptions on underlying recoverable amounts
- Note 7 – measurement of expected credit loss (ECL) allowance for trade and other receivables: key assumptions in determining the weighted-average loss rate

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 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 (see Note 21).

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.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

2.5 Changes in accounting policies

New standards and amendments adopted by the Group

During the current financial year, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2021:

- Amendments to SFRS(I) 16 *Covid-19-Related Rent Concessions*
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2*

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ended 31 December 2021. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

3 Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$1,639,711 (2020: \$2,383,502), of which \$71,442 (2020: \$48,900) were acquired under finance leases and \$89,274 (2020: \$1,782,727) relates to right-of-use assets. Cash payments of \$1,478,995 (2020: \$551,875) were made to purchase property, plant and equipment.

4 Biological assets

	Group and Company	
	As at 31 Dec 2021	As at 31 Dec 2020
Brooder stocks		
	\$	\$
Cost		
At 1 January and 31 December	12,015,000	12,015,000
Accumulated depreciation and impairment loss		
At 1 January	3,974,888	1,734,613
Depreciation charge for the year	185,527	240,275
Impairment loss	-	2,000,000
At 31 December	<u>4,160,415</u>	<u>3,974,888</u>
Net carrying amount		
At 31 December	<u>7,854,585</u>	<u>8,040,112</u>

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.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

4 Biological assets (cont'd)

	Group and Company	
	As at	As at
Breeder stocks	31 Dec 2021	31 Dec 2020
	\$	\$
At 1 January	311,820	119,730
Net increase due to births	672,630	830,670
Decreases due to sales	(801,210)	(638,580)
At 31 December	183,240	311,820

Breeder stocks are off-springs of the brooder stocks, held for trading purposes. As at the reporting date, these stocks are measured based on their fair value, which are determined based on the age, breed and genetic merit of similar fish that can be purchased from another supplier.

Impairment tests for cash-generating units (CGU) containing biological assets

The recoverable amount of the biological assets is based on value-in-use (VIU) and is determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment loss was required for the carrying amount of biological assets as at 31 December 2021. An impairment loss of \$2 million was recognised in respect of the biological assets as at 31 December 2020 as the carrying amount of certain species of brooder stocks was in excess of the recoverable amount.

Key assumptions used in the calculation of recoverable amount of biological assets are discount rates, production yield and growth rates.

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.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

5 Intangible assets

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Trademarks/customer acquisition costs/formulation rights	3,797,806	3,797,806	3,717,806	3,717,806
Product listing fees	-	196,153	-	196,153
Goodwill on consolidation	4,046,430	4,046,430	-	-
	7,844,236	8,040,389	3,717,806	3,913,959
Less Accumulated amortisation	(938,784)	(1,006,270)	(858,784)	(932,937)
	6,905,452	7,034,119	2,859,022	2,981,022

Trademarks/customer acquisition costs/formulation rights relate to costs paid to third parties in relation to: -

- acquisition of trademarks rights of certain brands of pet food. Such costs were determined to have indefinite lives and are tested for impairment annually;
- acquisition of customer base, which is amortised over three years; and
- acquisition of trademarks and formulation rights of certain products, which are amortised over 25 years.

Product listing fees relate to costs paid to third parties in relation to the entitlements to list and sell the Company's products in certain supermarkets, and are amortised over three years.

Goodwill on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired. The goodwill balance is subject to annual impairment testing.

(i) Impairment tests for CGU containing trademarks/customer acquisition costs

The recoverable amount of the costs paid in relation to the acquisition and registration of trademarks and brands of pet food is based on the VIU and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment is required for the carrying amount of trademarks/customer acquisition costs as at 31 December 2021 and 31 December 2020 as the recoverable amount was in excess of the carrying amount.

Key assumptions used in the calculation of recoverable amounts of trademarks/customer acquisition costs are discount rates and growth rates.

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.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

5 Intangible assets (cont'd)

(i) Impairment tests for CGU containing trademarks/customer acquisition costs (cont'd)

Terminal value growth rate

Management includes five years of cash flows based on financial budgets approved by the 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 Singapore 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.

(ii) Impairment tests for goodwill arising from the business combination of Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (GZQH)

The goodwill is attributable mainly to the synergies expected to be achieved from integrating GZQH into the Group's existing accessories business. The recoverable amount of this CGU is based on its VIU and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment loss was required for the carrying amount of goodwill as at 31 December 2021 and 31 December 2020 as the recoverable amount was in excess of the carrying amount.

Key assumptions used in discounted cash flow projection calculations used in the estimation of value in use are discount rate, growth rate and net profit margin.

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 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.



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6 Inventories

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Fish	1,585,341	1,799,931	759,622	1,105,443
Accessories	13,376,392	14,111,165	3,632,237	3,468,642
Plastics products - raw materials	300,555	359,974	-	-
Plastics products - finished goods	717,873	708,820	-	-
	<u>15,980,161</u>	<u>16,979,890</u>	<u>4,391,859</u>	<u>4,574,085</u>

7 Trade and other receivables

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Trade receivables	12,411,248	14,294,532	6,891,279	8,032,360
Loss allowance	(1,544,408)	(1,070,114)	(884,000)	(705,000)
Net receivables	10,866,840	13,224,418	6,007,279	7,327,360
Deposits	540,686	495,778	71,060	58,870
Tax recoverable	73,767	87,393	-	-
Other receivables	349,332	800,106	160,058	531,876
Amount due from subsidiaries:				
- trade	-	-	14,057,281	15,034,626
- non-trade	-	-	3,011,020	3,053,620
Amortised cost	11,830,625	14,607,695	23,306,698	26,006,352
Prepayments	402,624	752,696	58,326	170,687
Advances to suppliers	1,380,139	830,214	889,593	487,160
	<u>13,613,388</u>	<u>16,190,605</u>	<u>24,254,617</u>	<u>26,664,199</u>
Non-current	-	-	5,985,713	-
Current	<u>13,613,388</u>	<u>16,190,605</u>	<u>18,268,904</u>	<u>26,664,199</u>
	<u>13,613,388</u>	<u>16,190,605</u>	<u>24,254,617</u>	<u>26,664,199</u>

Included in the amount due from subsidiaries is an amount due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”) of approximately \$9.2 million as at 31 December 2021 (31/12/2020: \$9.5 million). Based on a repayment arrangement made with GZQH, \$3.2 million of the outstanding amount as at 31 December 2021 is due on 31 December 2022 and the remaining amount of approximately \$6.0 million is neither planned and is not expected to be repaid within the next 12 months.

The recoverability of the amount due from GZQH of approximately \$7.2 million as at 31 December 2020 was guaranteed by a major shareholder of the Company and a director of the Company. The guarantee has been discharged during the current financial year.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

7 Trade and other receivables (cont'd)

Expected credit loss (ECL) assessment

An allowance matrix was used to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

The allowance matrix is based on actual credit loss experience over the past 3 years (31/12/2020: 3 years). The ECL computed is solely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

8 Share capital

	Number of shares	\$
Fully paid ordinary shares with no par value:		
At 1 January 2021 and 31 December 2021	<u>113,526,467</u>	<u>30,772,788</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2020.

There were no outstanding convertibles as at 31 December 2021 (31/12/2020: Nil).

The Company did not hold any treasury shares as at 31 December 2021 (31/12/2020: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2021.

9 Loans and borrowings

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Non-current liabilities				
Lease liabilities	401,953	1,272,743	80,596	94,457
Current liabilities				
Short-term loans (unsecured)	12,000,000	14,000,000	12,000,000	14,000,000
Bills payable to banks (unsecured)	52,266	82,203	-	-
Lease liabilities	995,223	1,598,026	55,789	157,925
	<u>13,047,489</u>	<u>15,680,229</u>	<u>12,055,789</u>	<u>14,157,925</u>
Total borrowings	<u>13,449,442</u>	<u>16,952,972</u>	<u>12,136,385</u>	<u>14,252,382</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.23% to 1.52% (31/12/2020: 1.19% to 1.34%) per annum and are repayable within the next 12 months from the reporting date.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

9 Loans and borrowings (cont'd)

The weighted average effective interest rate relating to bills payable to banks of the Group is 3.41% (31/12/2020: 3.18%) per annum. These bills mature within one to three months from the reporting date.

As at 31 December 2021, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.7 million (31/12/2020: \$1.7 million).

10 Trade and other payables

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Trade payables	3,369,730	5,384,350	1,642,921	2,884,958
Accrued operating expenses	986,876	654,093	757,823	449,702
Accrued interest payable	6,534	6,653	6,534	6,653
Other payables	2,731,418	2,015,146	2,226,840	1,606,875
Accrued staff costs	2,576,382	1,912,524	2,147,501	1,498,977
Advance received from customers	503,383	591,706	154,987	152,847
Deferred grant income				
- Jobs Support Scheme ("JSS")	-	229,652	-	196,226
Amounts due to subsidiaries:				
- trade	-	-	509,130	504,789
- non-trade	-	-	1,415,204	1,464,984
	10,174,323	10,794,124	8,860,940	8,766,011

11 Revenue

	Group		Group	
	6 months ended 31 Dec 2021	2020	Financial year ended 31 Dec 2021	2020
	\$	\$	\$	\$
Sales of goods				
- Fish	15,020,404	15,951,925	30,406,763	27,836,690
- Accessories	21,381,928	22,536,076	41,914,163	39,314,887
- Plastics	3,885,947	3,523,749	7,681,759	8,081,776
	40,288,279	42,011,750	80,002,685	75,233,353



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11 Revenue (cont'd)

(i) Disaggregation of revenue

The following table set out the Group's revenue 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 20).

Group	Fish		Accessories		Plastics		Total	
	6 months ended 31 Dec		6 months ended 31 Dec		6 months ended 31 Dec		6 months ended 31 Dec	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Primary geographical markets								
Singapore	2,894,541	2,878,836	6,121,549	5,889,084	3,710,223	3,373,040	12,726,313	12,140,960
Other Asian countries	7,648,005	7,554,811	12,852,128	12,222,301	50,101	69,313	20,550,234	19,846,425
Europe	2,101,154	2,875,312	631,754	500,703	36,465	69,254	2,769,373	3,445,269
Others	2,376,704	2,642,966	1,776,497	3,923,988	89,158	12,142	4,242,359	6,579,096
	15,020,404	15,951,925	21,381,928	22,536,076	3,885,947	3,523,749	40,288,279	42,011,750

Group	Fish		Accessories		Plastics		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Primary geographical markets								
Singapore	5,748,588	4,854,326	11,635,455	10,677,113	7,171,470	7,810,641	24,555,513	23,342,080
Other Asian countries	14,434,574	13,371,124	24,380,240	22,082,251	131,610	144,376	38,946,424	35,597,751
Europe	5,026,612	5,310,658	1,191,594	891,909	140,360	80,262	6,358,566	6,282,829
Others	5,196,989	4,300,582	4,706,874	5,663,614	238,319	46,497	10,142,182	10,010,693
	30,406,763	27,836,690	41,914,163	39,314,887	7,681,759	8,081,776	80,002,685	75,233,353

(ii) Seasonality of operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

12 Other income

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2021	2020	2021	2020
	\$	\$	\$	\$
Gain (Loss) on disposal of				
- property, plant and equipment	698	(2,925)	18,829	(2,698)
- intangible asset	-	135,869	-	135,869
Gain on derecognition of				
right-of-use assets and lease liabilities	-	3,983	11,080	3,983
Handling income (net)	1,568,533	112,178	3,272,680	439,771
Sundry income	144,113	115,186	221,657	196,141
	1,713,344	364,291	3,524,246	773,066

13 Net finance costs

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2021	2020	2021	2020
	\$	\$	\$	\$
Interest income				
- bank deposits	17,014	21,659	30,766	52,930
Interest expense				
- bank loans and overdrafts	(85,326)	(97,400)	(174,364)	(267,955)
- bills payable to banks	(2,130)	(3,372)	(3,777)	(8,048)
- lease liabilities	(29,942)	(54,970)	(73,966)	(108,936)
	(117,398)	(155,742)	(252,107)	(384,939)
Net finance costs	(100,384)	(134,083)	(221,341)	(332,009)



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14 Profit (Loss) before tax

The followings items have been included in arriving at profit (loss) before tax:

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2021	2020	2021	2020
	\$	\$	\$	\$
Allowance for inventory obsolescence	125,000	188,000	610,000	366,000
Auditors' remuneration				
- auditors of the Company	77,000	59,000	138,000	125,000
- other auditors	11,293	11,316	23,067	23,016
Non-audit fees				
- other auditors	18,237	20,880	27,047	39,980
Directors' fees				
- directors of the Company	47,000	58,000	87,000	108,000
Depreciation of				
- property, plant and equipment	1,618,733	1,728,433	3,282,117	3,337,076
- brooder stocks	92,765	120,140	185,527	240,275
Amortisation of intangible assets	61,000	74,333	128,667	148,666
Impairment loss on brooder stocks	-	2,000,000	-	2,000,000
Exchange (gain) loss, net	(317,391)	357,808	(508,212)	75,092
Operating lease expenses	32,533	34,408	103,696	90,667
Property, plant and equipment written off	-	278	147	2,804
Staff costs				
- salaries and bonus*	6,570,407	5,917,175	13,084,048	11,391,690
- provident fund contributions*	441,678	419,891	879,738	857,694
- staff welfare benefits	568,913	397,747	1,106,426	749,737
- foreign worker levy	201,614	192,957	399,167	246,707

* Include directors' remuneration.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

15 Tax expense

	Group		Group	
	6 months ended 31 Dec 2021	2020	Financial year ended 31 Dec 2021	2020
	\$	\$	\$	\$
Current tax expense				
Current year	175,204	156,834	289,035	200,376
Under provision in respect of prior year	18,240	44	18,240	44
Deferred tax				
- origination and reversal of temporary differences	2,914	-	2,914	-
	<u>196,358</u>	<u>156,878</u>	<u>310,189</u>	<u>200,420</u>

16 Earnings (Loss) per share

	Group		Group	
	6 months ended 31 Dec 2021	2020	Financial year ended 31 Dec 2021	2020
Profit (Loss) attributable to owners of the of the Company (\$)	<u>863,347</u>	<u>(927,472)</u>	<u>1,719,847</u>	<u>(1,452,709)</u>
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	<u>113,526,467</u>	<u>113,526,467</u>	<u>113,526,467</u>	<u>113,526,467</u>
Basic Earnings (Loss) per share (cents)	<u>0.76</u>	<u>(0.82)</u>	<u>1.51</u>	<u>(1.28)</u>

The calculation of basic earnings (loss) per share was based on profit (loss) attributable to owners of the Company and the weighted average number of ordinary shares outstanding.

The Group has no dilution in its earnings (loss) per share at 31 December 2021 and 31 December 2020.

17 Net asset value per share

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value per share based on existing issued share capital as at the respective dates (cents)	<u>44.60</u>	<u>43.81</u>	<u>34.07</u>	<u>32.77</u>

Net asset value per share for both periods is computed based on the number of shares in issue of 113,526,467.



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18 Dividends

The directors have proposed a final dividend of \$0.003 (2020: \$0.002) per ordinary share, one-tier exempt, totalling \$340,579 (2020: \$227,052) in respect of the financial year ended 31 December 2021. 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 2022.

During the financial year, there was dividend paid by a subsidiary to non-controlling interests amounting to \$162,400 (2020: \$105,840).

19 Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The interested person transactions at terms agreed between the parties are as follows:

	Group		Group	
	6 months ended 31 Dec 2021	2020	Financial year ended 31 Dec 2021	2020
	\$	\$	\$	\$
Guarantee fee paid to a major shareholder of the Company *	-	12,000	-	30,000
Consultancy fees paid to a company in which a director has a substantial interest	-	-	-	8,300

* The Group was charged a guarantee fee of 0.5% per annum on the average balance of the outstanding amounts due from GZQH. The guarantee fee was payable to a major shareholder of the Company for guaranteeing the payment of the outstanding amounts in FY 2020. The guarantee has been discharged in FY 2021.

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered by the Group during the financial year ended 31 December 2021.

20 Operating segments

(a) Business segments

The Group's operating segments are its strategic business units which offer different products and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

20 Operating segments (cont'd)

(a) Business segments (cont'd)

The Group's activities comprise the following reportable segments:

- (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.

Group	Financial year ended 31 Dec 2021				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	30,407	41,914	7,682	-	80,003
Inter-segment revenue	1,693	9,725	161	(11,579)	-
Total Revenue	32,100	51,639	7,843	(11,579)	80,003
Results					
EBITDA *	4,124	3,377	1,351	(2,724)	6,128
Depreciation and amortisation	(1,345)	(1,675)	(576)	-	(3,596)
Interest expense	(6)	(48)	(24)	(174)	(252)
Interest income	3	2	-	26	31
Profit (Loss) before tax	2,776	1,656	751	(2,872)	2,311
Tax expense	(211)	(70)	-	(29)	(310)
Profit (Loss) for the year	2,565	1,586	751	(2,901)	2,001
Net profit margin	8.4%	3.8%	9.8%		2.5%
Assets and Liabilities					
Segment assets	34,888	32,870	5,246	1,790	74,794
Segment liabilities	6,259	3,854	1,514	12,536	24,163
Other Segment Information					
Expenditures for non-current assets **	920	612	18	-	1,550
Other non-cash items:					
(Gain) Loss on disposal of property, plant and equipment	(9)	(12)	2	-	(19)
Gain on derecognition of right-of-use assets and lease liabilities	(6)	(5)	-	-	(11)
Property, plant and equipment written off	-	***	-	-	***
Impairment loss on trade receivables	181	304	-	-	485
Allowance for inventory obsolescence	-	610	-	-	610

* EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.

** This includes capital expenditure and additions to other non-current assets.

*** Amount less than \$1,000.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

20 Operating segments (cont'd)

(a) Business segments (cont'd)

Group	Financial year ended 31 Dec 2020				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
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)
Net (loss) profit margin	(6.5%)	4.9%	15.7%		(1.8%)
Assets and Liabilities					
Segment assets	32,757	36,827	6,227	2,156	77,967
Segment liabilities	5,152	6,291	2,288	14,501	28,232
Other Segment Information					
Expenditures for non-current assets **	267	236	98	-	601
Other non-cash items:					
Loss (Gain) on disposal of					
- property, plant and equipment	-	-	3	-	3
- intangible asset	-	(136)	-	-	(136)
Gain on derecognition of right-of-use assets and lease liabilities	-	(4)	-	-	(4)
Property, plant and equipment written off	-	3	-	-	3
Impairment loss (Reversal of impairment loss) on trade receivables	180	(45)	-	-	135
Allowance for inventory obsolescence	20	346	-	-	366

* EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.

** This includes capital expenditure and additions to other non-current assets.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

20 Operating segments (cont'd)

(b) 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 total assets are based on the geographical location of the assets.

Group	Revenue		Segment non-current assets		Segment assets	
	Financial year ended 31 Dec		Financial year ended 31 Dec		Financial year ended 31 Dec	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	24,556	23,342	19,298	19,980	47,991	48,489
Other Asian countries	38,946	35,598	4,048	5,407	26,803	29,478
Europe	6,359	6,283	-	-	-	-
Others	10,142	10,010	-	-	-	-
Total	80,003	75,233	23,346	25,387	74,794	77,967

(c) Major customers

There are no customers contributing more than 10 percent to the revenue of the Group.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

21 Fair value management

(i) Accounting classification 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			
31 Dec 2021			
Financial assets not measured at fair value			
Trade and other receivables#	11,830,625	-	11,830,625
Cash and cash equivalents	21,671,287	-	21,671,287
	<u>33,501,912</u>	<u>-</u>	<u>33,501,912</u>
Financial liabilities not measured at fair value			
Lease liabilities	-	(1,397,176)	(1,397,176)
Bank term loans	-	(12,000,000)	(12,000,000)
Bills payable to banks	-	(52,266)	(52,266)
Trade and other payables*	-	(9,670,940)	(9,670,940)
	<u>-</u>	<u>(23,120,382)</u>	<u>(23,120,382)</u>
31 Dec 2020			
Financial assets not measured at fair value			
Trade and other receivables#	14,607,695	-	14,607,695
Cash and cash equivalents	19,097,923	-	19,097,923
	<u>33,705,618</u>	<u>-</u>	<u>33,705,618</u>
Financial liabilities not measured at fair value			
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*	-	(9,972,766)	(9,972,766)
	<u>-</u>	<u>(26,925,738)</u>	<u>(26,925,738)</u>

Excludes prepayments and advances to suppliers.

* Excludes advance received from customers and deferred grant income.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

21 Fair value management (cont'd)

(i) Accounting classification and fair values (cont'd)

	Amortised cost \$	Other financial liabilities \$	Total carrying amount \$
Company			
31 Dec 2021			
Financial assets not measured at fair value			
Trade and other receivables#	23,306,698	-	23,306,698
Cash and cash equivalents	12,568,403	-	12,568,403
	35,875,101	-	35,875,101
Financial liabilities not measured at fair value			
Lease liabilities	-	(136,385)	(136,385)
Bank term loans	-	(12,000,000)	(12,000,000)
Trade and other payables*	-	(8,705,953)	(8,705,953)
	-	(20,842,338)	(20,842,338)
31 Dec 2020			
Financial assets not measured at fair value			
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 not measured at fair value			
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)

Excludes prepayments and advances to suppliers.

* Excludes advance received from customers and deferred grant income.

(ii) Measurement of fair values

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.

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.

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.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

21 Fair value management (cont'd)

(iii) Measurement of fair values (cont'd)

Biological assets - breeder stocks

Breeder stocks are the off-springs 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 the fair value measurements for recurring non-financial assets and the level in the fair value hierarchy based on the inputs used in the valuation techniques. The different levels have been 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 Dec 2021				
Breeder stocks	–	–	183,240	183,240
31 Dec 2020				
Breeder stocks	–	–	311,820	311,820

The Group's policy is to recognise transfers out of Level 3 as of the end of the reporting period during which the transfer occurred.

22 Commitments

- On 20 December 2021, the Company entered into a \$1 million unsecured convertible loan ("USCL") agreement with AquaEasy Pte Ltd ("AquaEasy"). The USCL, payable in January 2022, bears interest at 5% per annum from the date of disbursement of the loan to AquaEasy and shall mature on 30 June 2023.
- On 23 December 2021, the Company obtained approval from the relevant authorities for the increase in the registered capital of its wholly owned subsidiary, GZQH, by approximately \$1.0 million. As at 31 December 2021, the Company has not made any capital contribution into this subsidiary.



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SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

23 Subsequent event

There were no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

OTHER INFORMATION

AUDIT

The full year financial statements have been audited by the Company's auditors.

AUDITORS' REPORT

See attached auditors' report.

REVIEW OF GROUP PERFORMANCE

Consolidated Statement of Profit or Loss

(a) **Revenue by business segment**

Financial Year 2021 vs Financial Year 2020

	Group		Increase	
	Financial year ended 31 Dec	Financial year ended 31 Dec	(Decrease)	
	2021	2020	\$'000	%
	\$'000	\$'000	\$'000	%
Fish	30,407	27,836	2,571	9.2
Accessories	41,914	39,315	2,599	6.6
Plastics	7,682	8,082	(400)	(4.9)
	80,003	75,233	4,770	6.3

For the year ended 31 December 2021, the fish and accessories activities continued to be our core business segments, which together accounted for approximately 90.4% of the total revenue. Our overall revenue registered of \$80.0 million in FY 2021 was approximately \$4.8 million or 6.3% higher than that of its corresponding period in 2020.

On a geographical basis, revenue from Singapore and overseas grew by approximately 5.2% and 6.9% respectively in FY 2021 as compared to FY 2020.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

(a) **Revenue by business segment (cont'd)**

2H 2021 vs 2H 2020

	Group		Increase	
	6 months ended 31 Dec		(Decrease)	
	2021	2020	\$'000	%
Fish	15,021	15,951	(930)	(5.8)
Accessories	21,382	22,536	(1,154)	(5.1)
Plastics	3,886	3,524	362	10.3
	40,289	42,011	(1,722)	(4.1)

Although the revenue from our plastics activities recorded growth, the reductions in revenue contribution from the fish and accessories segments have resulted in a decrease in our overall revenue registered by approximately \$1.7 million or 4.1% in the 2nd half of 2021 as compared to its corresponding period in 2020.

Fish

Our fish exports are very dependent on the operations and availability of air cargo, and with the extensive reduction of capacity and flight frequencies during the Covid-19 pandemic since the beginning of FY 2020, our fish export business was severely affected. As such, our fish revenue dived during the 1st half of 2020.

Following the lifting of border restrictions and the gradual reopening of air traffic since July 2020, we saw a recuperation of revenue from this business segment with a stable flow of customers' orders. The fulfilment of these backlog orders had elevated the revenue registered during the 2nd half of 2020. Nonetheless, with the normalisation of the supply chain in the current financial year, there were no backlog orders concentrated to be delivered in the 2nd half of 2021; hence, the lower revenue registered as compared to its corresponding period in 2020.

Accessories

Similarly for the accessories business segment, the Movement Control Order (MCO) experienced in Malaysia since March 2020 and the closure of our China operations for almost one month till mid-February 2020 under a directive by its local government to help limit the spread of Covid-19 infections had curbed business activities in the 1st half of 2020. In Singapore, we were unable to operate until we exited the circuit breaker on 2 June 2020.

With the full resumption of operating activities in all business locations, the revenue from our accessories business, especially its export segment, surged in the 2nd half of 2020. The remarkably higher revenue registered in the corresponding period in 2020 has resulted in a relatively lower revenue reported in the 2nd half of 2021.

Plastics

The loss of a major customer since May 2020 has driven down the revenue contribution from the plastics segment since the 2nd half of 2020. Moving into the 2nd half of 2021, we managed to stabilise our customer base, focusing on generating revenue through selling products with sustainable margins, such as essential items used to enhance hygiene protocols for the food and beverage packing and healthcare sectors, which has given rise to the improvement in revenue contribution in the 2nd half of 2021 as compared to its corresponding period in 2020.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

- (b) **Other income** mainly consists of handling income derived from the handling of transhipments in relation to our aquaculture business. The increase in handling income was in tandem with the increase in aquaculture business activities during the current financial year.
- (c) The increase in **selling and distribution expenses** by \$0.9 million or 78.2% and \$1.0 million or 45.0% in the 2nd half of 2021 and for the financial year ended 31 December 2021 respectively as compared to its corresponding periods in 2020 was in line with the increase in business activities during the current reporting periods.
- (d) The full resumption of business activities and the higher revenue registered by the Group during FY 2021 have resulted in a broad-spectrum increase in operating costs as compared to the corresponding period in 2020.

Included in the **general and administrative expenses** in the 2nd half of 2020 and in FY 2020 was a one-off impairment loss on brooder stocks amounted to \$2.0 million which arose from the periodic assessment of recoverable amounts based on expected future cash flows from the brooder stocks held. In FY 2021, the general and administrative expenses (excluding impairment loss on brooder stocks) increased by approximately \$1.7 million or 7.3% as compared to its corresponding periods in 2020 was mainly due to higher personnel expenses as a result of the increase in headcount and annual salary revision, as well as a lower amount of payouts and rebates received from the authorities which provided wage support to employers. The total amount of such grants and credits received during the financial year ended 31 December 2021 amounted to approximately \$0.4 million (31/12/2020: \$1.4 million).

- (e) The **impairment losses on trade receivables** registered of approximately \$0.3 million and \$0.5 million for the 2nd half of 2021 and for the financial year ended 31 December 2021 respectively were derived at by ascertaining the amount of expected credit losses that would result from all possible default events over the expected life of these receivables during the period, which was in compliance with SFRS(I) 9 *Financial Instruments*.
- (f) The decrease in **net finance costs** by \$34K or 25.1% and \$111K or 33.3% in the 2nd half of 2021 and for the financial year ended 31 December 2021 respectively as compared to the corresponding periods in 2020 was mainly due to lower outstanding amounts during the current financial periods.
- (g) The effective tax rate registered for the financial year ended 31 December 2021 was lower than the amount obtained by applying the statutory tax rate of 17% on profit before tax mainly due to the utilisation of tax credits.

The Group incurred losses for the financial year ended 31 December 2020. The **tax expense** was mainly in relation to the operating profits registered by the profitable entities within the Group.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

(h) **Profit before tax by business segment**

Financial Year 2021 vs Financial Year 2020

	Group		Increase (Decrease)	
	Financial year ended 31 Dec			
	2021	2020	\$'000	%
	\$'000	\$'000		
Fish	2,776	302	2,474	819.2
Accessories	1,656	1,996	(340)	(17.0)
Plastics	751	1,268	(517)	(40.8)
Unallocated corporate expenses	(2,872)	(2,687)	(185)	(6.9)
	<u>2,311</u>	<u>879</u>	<u>1,432</u>	<u>162.9</u>
Impairment loss on brooder stocks	-	(2,000)	2,000	100.0
	<u>2,311</u>	<u>(1,121)</u>	<u>3,432</u>	<u>306.2</u>

In tandem with the higher revenue contribution, our overall operating profit grew noticeably in FY 2021. The significant increase in profit contribution from our fish segment has fuelled the growth in profitability in FY 2021 as compared to FY 2020.

2H 2021 vs 2H 2020

	Group		Increase (Decrease)	
	6 months ended 31 Dec			
	2021	2020	\$'000	%
	\$'000	\$'000		
Fish	1,452	761	691	90.8
Accessories	852	1,306	(454)	(34.8)
Plastics	304	544	(240)	(44.1)
Unallocated corporate expenses	(1,401)	(1,269)	(132)	(10.4)
	<u>1,207</u>	<u>1,342</u>	<u>(135)</u>	<u>(10.1)</u>
Impairment loss on brooder stocks	-	(2,000)	2,000	100.0
	<u>1,207</u>	<u>(658)</u>	<u>1,865</u>	<u>283.4</u>

The reduction in operating profit from our accessories and plastic activities were mitigated by the considerable improvement in profit generated from our fish and aquaculture activities during the 2nd half of 2021 as compared to its corresponding period in 2020.

Fish

Despite the lower revenue registered by the fish business, the higher handling fees derived from the handling of transshipments in relation to our aquaculture business, has lifted the profitability of this segment in the 2nd half of 2021 as compared to its corresponding period in 2020.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

(h) Profit before tax by business segment (cont'd)

2H 2021 vs 2H 2020 (cont'd)

Accessories

The decrease in operating profit from our accessories business by approximately \$0.5 million or 34.8% in the 2nd half of 2021 as compared to its corresponding period in 2020 was in line with the reduction in revenue contribution during the period.

Plastics

Notwithstanding the higher revenue registered, the profitability of our plastic activities dipped by approximately \$0.2 million or 44.1% in the 2nd half of 2021 as compared to its corresponding period in 2020 mainly due to the relatively higher raw material prices and a gradual increase in overall operational costs.

Unallocated corporate expenses

These were staff costs and corporate/administrative expenses incurred in relation to the overseeing of both the Group's local and overseas operations. The higher unallocated corporate expenses incurred in the 2nd half of 2021 as compared to its corresponding period in 2020 was mainly due to annual salary revision, coupled with lower cash payouts received from the authorities under the Jobs Support Scheme (JSS) which provided wage support to employers.

Consolidated Statement of Financial Position

Total assets (Group) as at 31 December 2021 were \$74.8 million, decreased by approximately \$3.2 million from \$78.0 million as at 31 December 2020.

The reduction was due to –

- decrease in property, plant and equipment by \$1.7 million as a result of depreciation charge during the financial year, despite there were capital expenditure incurred in relation to the purchase of equipment and ongoing enhancements made to the farm and other 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 inventory by \$1.1 million as a result of a review carried out to strategise and streamline our inventory management process so as to better and effectively manage our inventory holding. Our inventory turnover days has improved from 131 days in FY 2020 to 115 days as at 31 December 2021.
- decrease in trade and other receivables by \$2.6 million as a result of:
 - conscientious efforts made in the monitoring and collection of trade receivables outstanding during the financial period. Accordingly, our trade receivables turnover days has improved from 64 days as at 31 December 2020 to 50 days as at 31 December 2021.
 - receipt of proceeds arising from the disposal of a subsidiary in the previous years.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

Consolidated Statement of Financial Position (cont'd)

The above reduction was partially offset by the increase in cash and cash equivalents of \$2.6 million.

Total liabilities (Group) as at 31 December 2021 were \$24.1 million, decreased by \$4.1 million from \$28.2 million as at 31 December 2020.

The reduction was due to –

- decrease in loans and borrowings by approximately \$3.5 million resulting from the settlement of lease liabilities on a monthly basis, as well as the repayment of bank borrowings of \$2.0 million in the 2nd half of 2021.
- decrease in trade payables by approximately \$2.0 million upon the settlement of trade liabilities during the current financial year.

The above reduction was offset by an increase in amounts due to non-trade suppliers of approximately \$0.7 million, as well as higher provision made for staff bonus in FY 2021, which is in line with the higher profit registered in the current financial year.

Consolidated Statement of Cash Flows

Net cash from operating activities for the financial year ended 31 December 2021 was derived from the operating profit registered, coupled with lower inventory held and the realisation of receivables into cash during the financial year.

Net cash used in investing activities in FY 2021 was mainly related to capital expenditure incurred for the purchase of equipment, as well as ongoing enhancements made to the farm and other facilities in Singapore and overseas.

Net cash used in financing activities in FY 2021 was for the settlement of bank loans and lease liabilities, 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 2021.

VARIANCE FROM PROSPECT STATEMENT

There is no variance from the previous prospect statement released via the SGXNET on 16 July 2021.

PROSPECTS

The global supply chain disruptions due to Covid-19 have stabilised even as the world continues to tackle uncertainties from the emergence of new variants. We envisage that the growth momentum of our business segments will continue into Year 2022 as markets recover.



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OTHER INFORMATION (cont'd)

PROSPECTS (cont'd)

Aquaculture business

Leveraging on our patented Hydro-Pure technology, we have developed a super-intensive shrimp farming system that is able to achieve higher production of shrimp compared to traditional methods. With our recent strategic partnership with Bosch's AquaEasy Pte Ltd ("AquaEasy"), we are able to further enhance our system's predictability and productivity, not only for shrimp farming, but also to other aquaculture species, ornamental fish and aquaponics.

AquaEasy provides artificial intelligence (AI) and Internet of Things (IoT)-based solutions, combining sensors, software and services based on data analysis capabilities to help farmers increase productivity, predictivity and implement sustainable aquaculture practices while reducing risks and costs. Apart from Qian Hu, AquaEasy's AI solution has also been successfully deployed at other aquaculture farms in Vietnam and Indonesia. Our collaboration with AquaEasy will also see us cross-selling to our markets in Malaysia, Thailand and China.

In line with the Singapore government's aim to produce 30% of the country's nutritional needs by 2030, we are also upgrading our farm to produce more shrimp locally.

Ornamental Fish business

Meanwhile, ornamental fish will continue to be the mainstay of the Group, as we grow our export of ornamental fish to more than 80 cities and countries from our export hubs in Singapore, Malaysia, Thailand, Indonesia and China. As these countries together account for between 60% to 70% of the world's ornamental fish, we believe that Qian Hu is the region's biggest exporter of ornamental fish, capturing more than 5% of the global market share in terms of ornamental fish export.

We remain committed to our long-term goal of expanding our export footprint to more than 100 cities and countries, focusing on high-growth regions such as the Middle East, Eastern Europe, China and India, and gradually increasing our global market share to 10%, thereby securing our vision of being the top ornamental fish exporter in the world.

Aquarium and Pet Accessories business

Strong R&D capabilities

Over the years, Qian Hu has established a stronghold in R&D which continues to drive innovation and new product development throughout the Group – whether it is breakthroughs in developing new varieties of fish, in fish nutrition, or in developing cutting-edge accessories products.

Focus on own-brands

Our proprietary brands "Ocean Free" and "OF", with their extensive range of fish tanks, lighting, filtration systems and other aquarium paraphernalia, have led the growth of our accessories segment, and we are steadfast on expanding our accessories footprint to more than 60 cities and countries globally.

Fish Nutrition & Medications

We are also committed to bringing out the best qualities in ornamental and edible fish/seafood, nutritious feeds and efficacious medications. We have recently teamed up with researchers in developing yeast-based fish nutritional products on top of our existing antibiotic-free feeds.



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OTHER INFORMATION (cont'd)

PROSPECTS (cont'd)

OUTLOOK

We believe that even with the emergence of the Omicron variant, the worst may soon be over for global businesses. The world has had almost two years of disruptions, and most countries are trying to move on and learn to live with the virus. Qian Hu is doing exactly that too.

As we move into Year 2022, amidst such a challenging environment, our Group continues to preserve and focus on our core businesses which have remained resilient, a testament of our enduring strength and versatility, as our strong fundamentals help us to navigate through such turbulent times. Over the past two years, we had focused on strengthening our balance sheet, and we will continue to do so. Moving forward, we will also be expanding more aggressively as we expect the business landscape to move towards normalcy. We will remain focused on our core strengths and the long-term prospects of our business.

Barring unforeseen circumstances, the Group expects to grow its revenue while achieving profitability in FY 2022.

DIVIDENDS

(a) **Present period**

<u>Name of dividend</u>	<u>First & final</u>
Dividend type	Cash
Dividend rate	0.3 cents per ordinary share
Tax rate	One-tier tax exempt

(b) **Previous corresponding period**

<u>Name of dividend</u>	<u>First & final</u>
Dividend type	Cash
Dividend rate	0.2 cents per ordinary share
Tax rate	One-tier tax exempt

(c) **Total annual dividend**

	Latest year (\$'000)	Previous year (\$'000)
Ordinary	341	227
Preference	Nil	Nil
Total:	341	227

(d) **Date payable**

Subject to shareholders' approval at the Annual General Meeting to be held on 30 March 2022, the dividend will be paid on 26 April 2022.



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OTHER INFORMATION (cont'd)

DIVIDENDS (cont'd)

(e) **Record date for dividend payment**

Registrable Transfers received by the Company's Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5:00 p.m. on 12 April 2022 will be registered before entitlements to the proposed dividend are determined. The Register of Transfer and the Register of Members of the Company will be closed on 13 April 2022 for the preparation of dividend warrants.

HALF-YEARLY REVENUE AND PROFIT CONTRIBUTION

	Group		Increase (Decrease) %
	Financial year ended 31 Dec		
	2021	2020	
	\$'000	\$'000	
Revenue			
1st Half	39,714	33,222	19.5
2nd Half	40,289	42,011	(4.1)
	<u>80,003</u>	<u>75,233</u>	6.3
Profit (Loss) before tax			
1st Half	1,104	(463)	338.4
2nd Half	1,207	(658)	283.4
	<u>2,311</u>	<u>(1,121)</u>	306.2
Profit (Loss) attributable to Owners of the Company			
1st Half	857	(525)	263.2
2nd Half	863	(928)	193.0
	<u>1,720</u>	<u>(1,453)</u>	218.4

CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

**PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS,
CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS**

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:



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OTHER INFORMATION (cont'd)

PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS (cont'd)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Yap Kok Cheng	43	Son of Yap Hock Huat	Chief Executive Officer (since 2021) Duties : Set and implements business directions and strategies as endorsed by the Board and oversees the the overall performance of the Group	No change
Alvin Yap Ah Seng	56	Substantial shareholder and cousin of Kenny Yap Kim Lee	Division head of Yi Hu division (since 1989) Duties : Oversees the Group's accessories business and manages the daily operations of Yi Hu division	No change
Andy Yap Ah Siong	55	Substantial shareholder and cousin of Kenny Yap Kim Lee	Division head of Qian Hu division (since 1988) Duties : Oversees the Group's fish business and manages the daily operations of Qian Hu division	No change
Tan Boon Kim	56	Brother-in-law of Alvin Yap Ah Seng and Andy Yap Ah Siong	Managing Director of - Thai Qian Hu Company Limited (since 2002) - P.T. Qian Hu Joe Aquatic Indonesia (since 2012) Duties : Oversees the business operations and business development of Thai Qian Hu Company Limited & P.T. Qian Hu Joe Aquatic Indonesia	No change



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OTHER INFORMATION (cont'd)

PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS (cont'd)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lee Kim Hwat	67	Brother-in-law of Kenny Yap Kim Lee	Managing Director of Qian Hu Tat Leng Plastic Pte Ltd (since 1996) Duties : Oversees and manages the daily operations and business development of Qian Hu Tat Leng Plastic Pte Ltd	No change
Yap Kay Wee	43	Son of Yap Ping Heng	Head of Accessories Business, China Operations (since 2016) Duties : Oversees and manages the accessories business in China	No change
Lim Yik Kiang	45	Son-in-law of Yap Hock Huat	Head of Fish Business, China Operations (since 2016) Duties : Oversees and manages the fish business in China	No change

Kenny Yap Kim Lee (Executive Chairman), Alvin Yap Ah Seng, Andy Yap Ah Siong, Yap Ping Heng, Yap Hock Huat and Yap Kim Chuan are the substantial shareholders of the Company.

Yap Ping Heng, Yap Hock Huat, Yap Kim Chuan and Kenny Yap Kim Lee are brothers. They are cousins to Alvin Yap Ah Seng and Andy Yap Ah Siong who are brothers.

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
 Executive Chairman
 12 January 2022



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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 2021, 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 FS1 to FS75.

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 2021 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.



Valuation of biological assets

Refer to Note 5 to the financial statements

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 no impairment is required for the financial year ended 31 December 2021.

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.

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.



Valuation of trade and other receivables – QHCL’s level Refer to Note 8 to the financial statements	
<p><i>The key audit matter</i></p> <p>As at 31 December 2021, the Company has outstanding amount due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”) of approximately \$9.2 million (2020: \$9.5 million), of which, \$6 million (2020: \$nil) is classified as non-current and \$3.2 million (2020: \$9.5 million) is classified as current. GZQH became a wholly-owned subsidiary of the Company since 2019.</p> <p>In 2020, an amount of \$7.2 million was guaranteed by a major shareholder of the Company and a director of the Company. The guarantee has been discharged during the current financial year.</p> <p>Management performed a cash flow forecast of GZQH to assess the collectability of these receivables. Forecasting future cash flow is a highly judgemental process which involves making assumptions such as revenue growth rates, margins and operating expenses.</p>	<p><i>How the matter was addressed in our audit</i></p> <p>We assessed the recoverability of the amounts owing by GZQH with reference to future cashflows provided by management, on-going business relationship and considered the Group’s future business plan for GZQH.</p> <p>In addition, we reviewed the sufficiency of the disclosures in relation to the significant and long outstanding receivables.</p>
<p><i>Our findings</i></p> <p>We found management’s assessment of the recoverability of trade and other receivables, which premised on the future cashflows of GZQH, on-going business relationships and the future business plans to be reasonable and the disclosures to be appropriate.</p>	



<p>Impairment of goodwill Refer to Note 6 to the financial statements</p>	
<p><i>The key audit matter</i></p> <p>The Group has \$4.05 million (2020: \$4.05 million) of goodwill as at 31 December 2021. This goodwill arises from the acquisition of GZQH in 2019.</p> <p>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.</p> <p>Forecasting future cash flow is a highly judgemental process which involves making assumptions such as revenue growth rates, margins, operating expenses and discount rates.</p>	<p><i>How the matter was addressed in our audit</i></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We considered the appropriateness of the disclosures in the financial statements.</p>
<p><i>Our findings</i></p> <p>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.</p>	



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.



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.

A handwritten signature in blue ink, appearing to read 'KPMG Yeo Lik Khim'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 January 2022