QIAN HU 仟湖

Annual Report 2022

Agility

Contents

Vision

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

Mission

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

Agility

Against the backdrop of escalating economic challenges, Qian Hu continues to navigate the course of tradition, while embracing the excitement of new frontiers, such as advancing with technology, to accelerate new solutions for food security in Singapore and the region. Along the way, we know that we have to be flexible to deal with the curved balls, manage challenges and in finding new ways to navigate change.

We aspire agility.

Singapore Corporate Awards 2022

Celebrating The Best In Corporate Governance

QIAN HU 仟湖


PERSISTENCE
IN THE PURSUIT OF
EXCELLENCE
Winner of the Singapore Corporate Awards 2022
Best Managed Board Award
GOLD
Best Annual Report Award
GOLD
Best Investor Relations Award
BRONZE
(Companies with less than $300 million in market capitalisation)

Our Profile

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

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

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

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

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

Listed on SGX since 2000, we have upheld high standards and commitment towards corporate transparency and governance, investor relations, as well as sustainability reporting in the last two decades, and intend to continue doing so.

36% of Group Revenue

SINGAPORE

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

39% of Group Revenue

ASIA

- Incorporated subsidiaries in Malaysia, China, Thailand and Indonesia as export hubs and domestic distributors
- More than 100 distribution points across various cities in China
- Other major customers' presence in India, Japan, Philippines, Taiwan, Korea and the Middle East countries
- Biggest Ornamental Fish distributor in Thailand

7% of Group Revenue

EUROPE

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

18% of Group Revenue

REST OF THE WORLD

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

Group Structure

DIVISIONS

- Qian Hu Fish Farm Trading
- Yi Hu Fish Farm Trading
- Wan Hu Fish Farm Trading

SUBSIDIARIES

Singapore

100%
Qian Hu Tat Leng Plastic Pte. Ltd.

Malaysia

100%
Qian Hu Aquarium and Pets (M) Sdn. Bhd.

100%
Qian Hu The Pet Family (M) Sdn. Bhd.

100%
Qian Hu Development Sdn. Bhd.

China

100%
Beijing Qian Hu Aquarium and Pets Co., Ltd

100%
Guangzhou Qian Hu OF Feed Co., Ltd

100%
Guangzhou Qian Hu Aquarium and Pets Co., Ltd

100%
Guangzhou Qian Hu Aquarium & Pets Accessories Manufacturing Co., Ltd

100%
Qian Hu Aquaculture (Hainan) Co., Ltd

Thailand

74%
Qian Hu Marketing Co Ltd

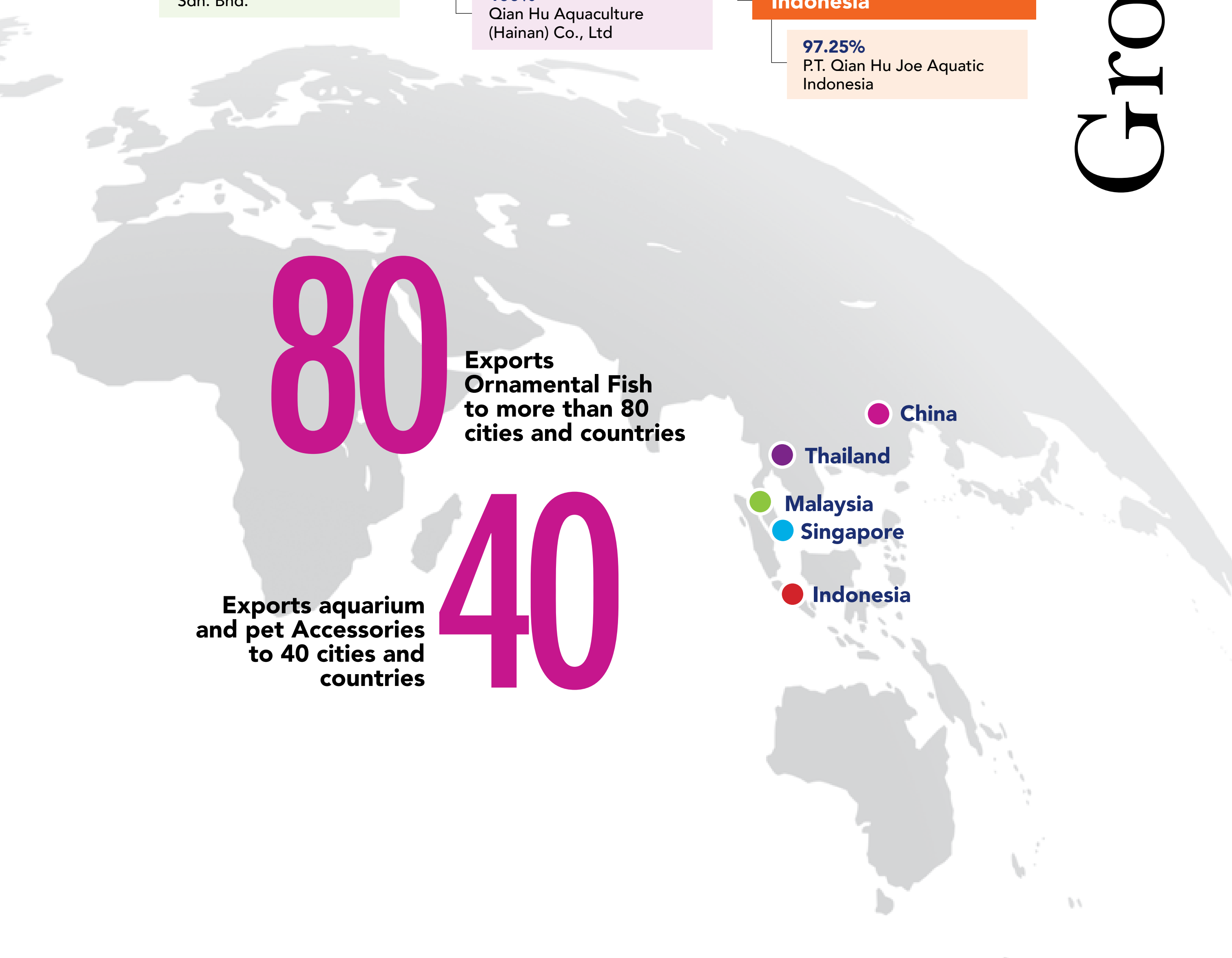
60%
Thai Qian Hu Company Limited

60%
Advance Aquatic Co., Ltd

49%
NNTL (Thailand) Limited
(The Group has voting control at general meeting and Board meetings)

Indonesia

97.25%
P.T. Qian Hu Joe Aquatic Indonesia



80
Exports Ornamental Fish to more than 80 cities and countries

40
Exports aquarium and pet Accessories to 40 cities and countries

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Kenny Yap Kim Lee

Members
Yap Kok Cheng
Executive Director/Chief Executive Officer

Soong Wee Choo
Lead Independent Non-Executive Director

Sharon Yeoh Kar Choo
Independent Non-Executive Director

Ling Kai Huat
Independent Non-Executive Director

COMPANY SECRETARY

Lai Chin Yee
FCA

BOARD COMMITTEES

Audit & Risk Management Committee
Chairman
Soong Wee Choo

Members
Sharon Yeoh Kar Choo
Ling Kai Huat

Nominating Committee
Chairman
Sharon Yeoh Kar Choo

Members
Soong Wee Choo
Ling Kai Huat

Remuneration Committee
Chairman
Ling Kai Huat

Members
Soong Wee Choo
Sharon Yeoh Kar Choo

PRINCIPAL BANKERS

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
Citibank N. A.
The Hongkong and Shanghai Banking Corporation Limited

OTHER CORPORATE INFORMATION

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

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

Stock Data
SGX code: BCV
Bloomberg code: QIAN:SP

Auditors
KPMG LLP
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961

Partner-in-Charge
Tan Khai Boon
(Appointed in financial year 2022)

Investor Relations
Kenny Yap Kim Lee
kenny_yap@qianhu.com

Ho See Kim
seekim@tishrei.sg

Awards & Accolades

Business Excellence

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

People Developer Standard
– 2006: Awarded by SPRING Singapore

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

SQC Innovation Class
– 2008: Awarded by SPRING Singapore

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

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

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

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

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

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

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

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

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

Governance & Transparency

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

Companies with less than $300 million in market capitalisation
– 2009: Chief Financial Officer of the Year – Ms Lai Chin Yee;
Best Managed Board – Merit
Best Investor Relations – Bronze
Best Annual Report – Gold
– 2010: Best Managed Board – Gold
– 2011: Best Investor Relations – Gold
– 2012: Best Annual Report – Gold
– 2013: Best Managed Board – Bronze
– 2014: Best Investor Relations – Gold
– 2015: Best Annual Report – Gold
– 2018: Best Annual Report – Gold
– **2022: Best Managed Board – Gold**
Best Annual Report – Gold
Best Investor Relations – Bronze

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

Best Managed Board Award
– 2003: Special Mention

SIAS Most Transparent Company Award
– 2001 & 2002: Winner in SESDAQ & Small Caps category
– 2003: Winner in Services/Utilities/Agriculture category & Golden Circle Special Merit Award
– 2004: Winner in Mainboard Small Caps category & Runner-up in Services/Utilities/Agriculture category
– 2005 & 2006: Runner-up in Mainboard Small Caps category
– 2007 to 2011: Winner in Mainboard Small Caps category
– 2015: Runner-up in Food and Beverages category
– 2021: Runner-up in Consumer Discretionary category

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

SIAS Shareholder Communications Excellence Award
– 2021: Winner in Small Caps category

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

Diver

Qian Hu operates from five geographical hubs in Singapore, Malaysia, Thailand, Indonesia and China. Its business has also grown beyond ornamental fish services, to include the aquaculture of edible seafoods and distribution of artificial intelligence-powered aquaculture solutions. We continually strive to build diversified yet complementary revenue streams to secure our future growth.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Letter to Shareholders

YAP KOK CHENG
Chief Executive Officer

KENNY YAP KIM LEE
Executive Chairman

Dear Bosses,

FY2022 has been such an unprecedented year. Just as the world had started to recover from two years of pandemic restrictions, the war in Ukraine dealt another severe blow to the global economy amidst supply chain disruptions and escalating inflation brought on by Covid.

THE IMPACT ON BUSINESS

Initially, we were relieved to see many of our export markets normalising as a result of the resumption of air travel and airfreight operations in many parts of the world, which led to improvements in Qian Hu's exports business. However, the Ukraine war had severely disrupted our sales to Russia and its surrounding regions.

Meanwhile, China's war on Covid took several twists and turns as lockdowns in various cities, including Shanghai, Guangzhou and Beijing, brought business activities to a virtual standstill.

Apart from geopolitical and public health factors, inflation and rising energy costs continue to add pressure on businesses around the world, and Qian Hu is not an exception. In the year just ended 31 December 2022, Qian Hu posted 18% lower net profit on the back of a 6% decline in sales.

THE NEED TO BE AGILE

We envisage that economic conditions will continue to be uncertain and volatile, and it is imperative that we remain agile and be ever ready to deal with the challenges that lie ahead, while focusing on navigating change.

We are excited about our investment in AquaEasy Pte Ltd ("AquaEasy"), our recent joint venture with Bosch Group and Singapore Economic Development Board, which develops sustainable aquaculture solutions based on artificial intelligence (AI) and Internet-of-Things (IoT) technology to help farmers increase productivity and predictivity.

During the year in review, AquaEasy had made significant headway in the region. Since the middle of 2022, it established partnerships with key aquaculture players in Indonesia and Vietnam which will accelerate the adoption of AquaEasy's solutions in these countries.

Aquaculture will continue to be a key driver of Qian Hu's future, poised to be many times bigger than our traditional ornamental fish business. We are pleased to be appointed the exclusive distributors for AquaEasy's aquaculture systems in Malaysia and Thailand, and we are working towards a Chinese version for the China market shortly.

Meanwhile, we have leased 16 ponds from a third-party farm in Singapore to expand our shrimp farming capacity. It is projected to produce significantly more than our current production at Qian Hu's farm located in Choa Chu Kang. Our Hainan farms have also increased the production capacity to capture the growing demand for fresh seafood in China and the region.

Aquaculture will be a key driver of Qian Hu's future, poised to be many times bigger than our traditional ornamental fish business.

EXPANSION INTO THE PETS MARKET

Since the start of the pandemic, the dog, cats and small animals segment within the pets industry has been growing significantly, partly due to the work from home trend. As such, we intend to ride on this rising demand by expanding our pet foods, medications and accessories categories for exports and domestic sales. In the last several years, Qian Hu has developed a few brands to cater to these markets but they have largely been complementary to our mainstay ornamental fish business. However, we expect this pet segment to expand further and emerge to be another growth pillar for Qian Hu.

THE WAY FORWARD

Moving ahead, we will continue to work on the strengthening of our fundamentals and to gain further traction with our Group's cloud-based "One Qian Hu" digitalisation initiative. By the end of June 2023, all of our units in Singapore will have undergone the digitalisation transformation and we will next share our experience in Singapore with our subsidiaries in Malaysia, Thailand, Indonesia and China from the second half of 2023.

Our cloud-based "One Qian Hu" seeks to revolutionise operational efficiency by automating all processes on a single platform across the Group. It will make all of our subsidiaries closer and automate all areas of operations, including export, distribution, inventory control, and management information systems.

Meanwhile, we believe that our operating business model remains intact even as aquaculture moves beyond gestation and we significantly increase our resources to expand the pets accessories business. As always, our focus is on generating healthy cash flows from all aspects of our businesses.

AWARDS

In August 2022, Qian Hu won three awards at the Singapore Corporate Awards jointly organised by Institute of Singapore Chartered Accountants (ISCA), Singapore Institute of Directors (SID) and The Business Times. These awards, which are in the category of companies with less than $300 million in market capitalisation, include the Best Managed Board Award (Gold), Best Annual Report Award (Gold) and Best Investor Relations Award (Bronze). We are honoured that our persistence in pursuing corporate excellence continues to be recognised and affirmed.

APPRECIATION

As the Greek philosopher Heraclitus said it so aptly hundreds of years ago: the one constant since the beginning of time is ***change***. In such volatile times, this cannot be further from the truth. It is also said that the ***fear of change*** is also another constant, and that is something we all need to overcome.

We would like to thank Team Qian Hu in our Singapore, Malaysia, Thailand, Indonesia and China hubs for demonstrating such solidarity and agility during such trying times, and for their dedication in transforming our operations and business.

We would also like to express our appreciation to our extended family – our Board of Directors, business partners, customers and other stakeholders – for your unwavering support and contributions, without which all of our efforts would have been futile. It is because of your belief in Qian Hu that we have every reason to be positive and persevere.

Stay safe everyone and have a fantastic year ahead!

KENNY THE FISH
Executive Chairman

YAP KOK CHENG
Chief Executive Officer

We believe that our operating business model remains intact even as aquaculture moves beyond gestation and we significantly increase our resources to expand the pets accessories business.

执行主席与首席执行长的话

各位老板们好，

2022年可说是变化莫测的一年。就在世界开始从两年的疫情限制中恢复之际，俄乌战争的爆发则加剧了因新冠疫情所引发的供应链中断，更导致通货膨胀处于不断攀升的状态。

对核心业务的影响

最初，随着航空运输的重启，仟湖的出口市场逐渐复苏带动了出口订单上扬。然而，突如其来的俄乌战争却对仟湖出口到俄罗斯及其周边地区的业务造成冲击。

与此同时，中国对新冠疫情的把控策略历经了几番波折，如在上海、广州和北京等的多个城市所实施的的防疫管控措施，迫使商业活动陷入停滞。

除了地缘政治和公共卫生因素，通货膨胀和能源成本的持续升高继续给世界各地的企业添加了不少的压力，仟湖也难以幸免。在刚结束的2022年财政年，仟湖的净利润减少了18%，销售额也下降6%。

时刻保持敏锐

我们预计全球的经济发展状态仍会持续处于不确定和波动不断的状态。正因如此，我们必须保持敏锐，随时做好准备以处理未来的挑战，并专注于应对变化与改变。

我们对与博世集团(Bosch)和新加坡经济发展局所联手合资成立的AquaEasy Pte Ltd (简称“AquaEasy”)感到兴奋。AquaEasy的应用系统采用了结合人工智能及IoT智能技术来制定养殖方案，有效地帮助鱼与虾农提高生产力及可预测性。

本财政年里，AquaEasy的水产养殖应用系统在本区域取得了重大进展。自2022年年中起，AquaEasy已与印度尼西亚和越南的主要水产养殖业者建立了合作关系。这有助于加速AquaEasy水产养殖应用系统在这些国家的开展。

水产养殖将继续成为仟湖未来增长的主要驱动力，其规模设想将是传统观赏鱼业务的数倍。目前，仟湖是AquaEasy水产养殖应用系统在马来西亚及泰国的独家授权分销商。我们短期内将会着手研发系统的中文版本以进驻中国市场。

在新加坡，我们向一个第三方鱼场租赁了16个池塘以扩展我们虾养殖的产能。我们预计它的产量将会远超我们位于蔡厝港的养殖场的产量。与此同时，我们的海南养殖场也正陆续提升生产力，以满足中国和该区域对新鲜海鲜日益增长的需求。

拓展宠物市场

自新冠疫情爆发以来，狗、猫和小动物等宠物周边产品的销售额在居家办公成为常态的引领下保持着良好的增长势头。因此，我们计划扩充宠物食品、药物和宠物配件的产品类别来迎合国内外节节上升的需求。在过去几年，仟湖致力开发了几个宠物产品的新品牌。然而，这些新品牌往往只扮演着辅助我们以观赏鱼业务为主的角色。未来，我们期望宠物市场的业务会有进一步的提升，并为仟湖开启另一个新的增长趋势。

前进之路

接下来，我们将继续强化我们主要业务的基础，并通过以云端为主要基础的“一体化仟湖”项目进一步推进仟湖数码化的步伐。集团在新加坡的所有单位将于2023年中旬完成整体的数码化转型。从2023年下半年起，我们会将相同的数码化转型贯彻到我们在马来西亚、泰国、印度尼西亚和中国的其他子公司。

以云端为主要基础的“一体化仟湖”项目旨在把仟湖的营运流程彻底革新以提高及强化运营效率。它通过对进出口、分销、库存控制和信息管理数据的自动化并呈现在同一个平台，加强仟湖及所有子公司之间资讯的透明度。

我们相信，即便水产养殖已跨越了增长初期，也不会影响我们之前定下的发展策略。此外，我们也会大幅增加资源以进一步开启宠物用品业务的潜能。一如既往，我们仍然会着重于谨慎经营各项主要业务以确保充裕的现金流量。

奖励和表彰

2022年8月，仟湖在新加坡特许会计师协会、新加坡董事协会和《商业时报》联合举办的新加坡企业奖上囊获了三项大奖。仟湖在市值低于3亿元的公司类中获颁—— 最佳管理董事会（金奖）、最佳年报（金奖）和最佳投资者关系（铜奖）。仟湖在努力不懈地追求卓越企业表现的同时得到持续的认可和肯定，确实让我们倍感荣幸与欣慰。

由衷感谢

古希腊哲学家赫拉克利特的百年名言贴切地说道：从古至今，***变化***是如影相随的常数。更有人认为，***对于变化的恐惧***则是另一个不变的常数。这些都是我们无间断必须克服的障碍。

我们由衷地感谢新加坡、马来西亚、泰国、印度尼西亚和中国的仟湖团队。感谢大家在这段艰难时期所呈现出的团结精神和具灵活性的应变能力，以及在我们运营和业务转型时所做出的奉献。

我们也要感谢我们的延伸家庭 — 包括了我们的董事局成员、业务伙伴、客户以及股东们。感谢你们赋予仟湖坚定不移的支持和信任，证实了我们的努力不是徒劳的。也正是因为大家对仟湖的信赖，我们才有十足的驱动力展现出积极与坚持不懈的奋斗精神。

期望大家有个安好与精彩的2023年！

叶金利
执行主席

叶国清
首席执行长

Board of Directors

KENNY YAP KIM LEE, 57
Executive Chairman

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

Date of first appointment as director	- 12 December 1998
Date of last re-appointment as director	- 26 March 2020
Length of services as director	- 24 years 1 month (as at 31 December 2022)

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

Present directorships in other listed companies
- Nil

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

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

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

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

YAP KOK CHENG, 44
Executive Director/Chief Executive Officer

Bachelor's degree in Commerce, University of New South Wales, Australia

Member of Ornamental Fish Business Cluster (Animal and Veterinary Services)

Date of first appointment as director	- 1 April 2022
Length of services as director	- 9 months (as at 31 December 2022)

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

Present directorships in other listed companies
- Nil

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

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

Background and experience
- Responsible for implementing and reviewing the business directions and strategies of the Group, providing leadership and overseeing the day-to-day operations
- Joined the Group in January 2005 as management trainee
- Appointed as the General Manager of China Operations in 2016 to oversee and drive the Group's Aquaculture business and the entire business development in China

SOONG WEE CHOO, 55

Lead Independent Non-Executive Director

Bachelor's degree in Accountancy, National University of Singapore

Fellow of the Institute of Singapore Chartered Accountants (ISCA)

Member of the Singapore Institute of Directors

Date of first appointment as director - 1 April 2020
Date of last re-appointment as director - 29 March 2021
Length of services as director - 2 years 9 months (as at 31 December 2022)

Served on the following Board Committees
- Audit & Risk Management Committee (Chairman)
- Remuneration Committee (Member)
- Nominating Committee (Member)

Present directorships in other listed companies
- Nil

Major Appointments (other than directorships in other listed companies)
- Member, Investigation & Disciplinary Panel of ISCA

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

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

LING KAI HUAT, 74

Independent Non-Executive Director

Doctor of Philosophy, National University of Singapore

Master of Aquaculture, University of the Philippines

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

Date of first appointment as director - 1 August 2015
Date of last re-appointment as director - 30 March 2022
Length of services as director - 7 years 5 months (as at 31 December 2022)

Served on the following Board Committees
- Remuneration Committee (Chairman)
- Nominating Committee (Member)
- Audit & Risk Management Committee (Member)

Present directorships in other listed companies
- Nil

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

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

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

SHARON YEOH KAR CHOO, 64
Independent Non-Executive Director

Associate of the Chartered Secretaries Institute of Singapore

Associate of the Chartered Governance Institute UK, Singapore Division

Date of first appointment as director	- 17 September 2011
Date of last re-appointment as director	- 30 March 2022
Length of services as director	- 11 years 4 months (as at 31 December 2022)

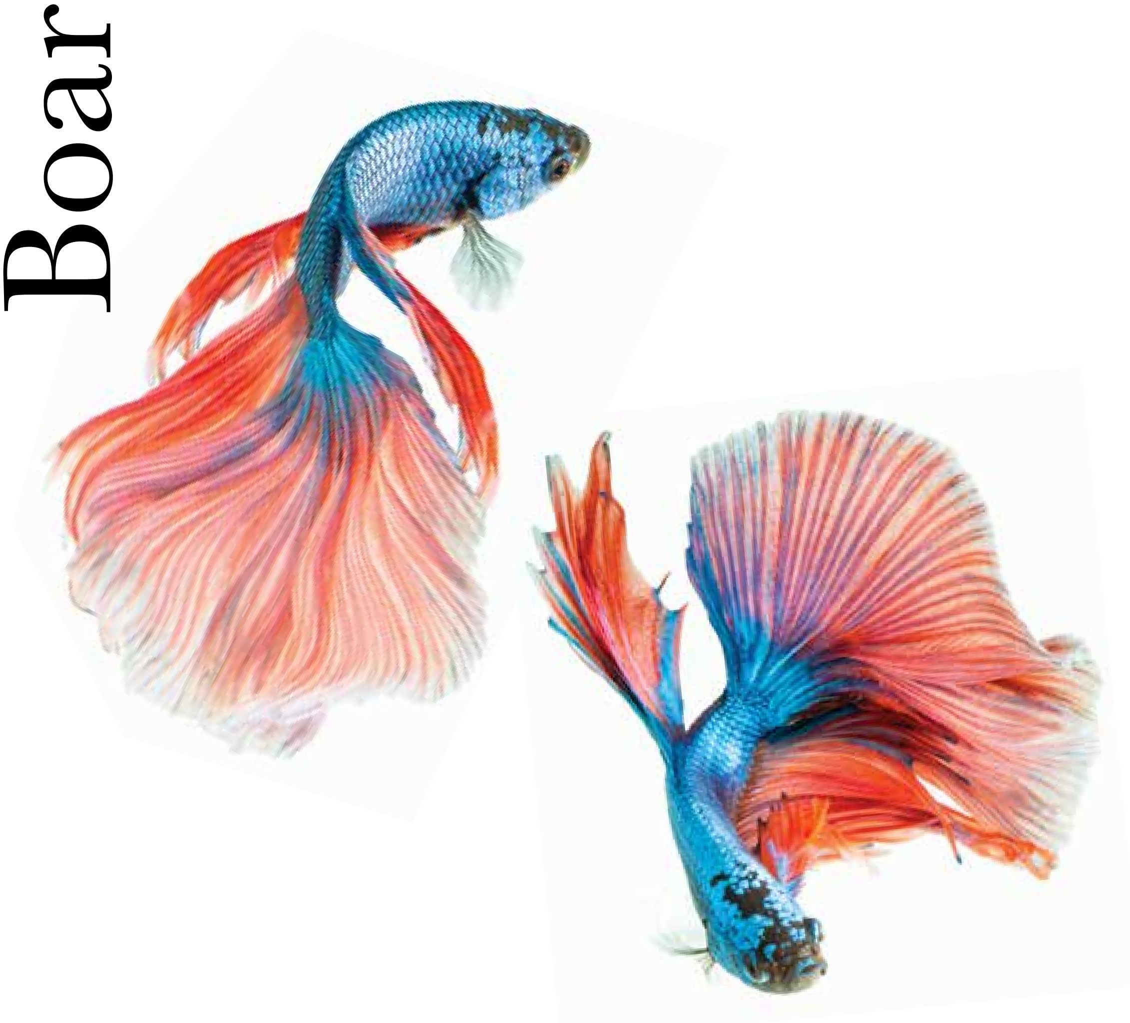
Served on the following Board Committees
- Nominating Committee (Chairman)
- Audit & Risk Management Committee (Member)
- Remuneration Committee (Member)

Present directorships in other listed companies
- Nil

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

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

Background and experience
- Currently a practising chartered secretary and chartered governance professional with more than 30 years of experience in the corporate secretarial industry
- Worked in Coopers & Lybrand Hong Kong and Coopers & Lybrand Singapore, Evatthouse Corporate Services Pte Ltd, M & C Services Private Limited, Corporate Alliance Pte. Ltd. and TMF Singapore H Pte. Ltd.



SINGAPORE

Lai Chin Yee

Finance Director
Qian Hu Corporation Limited

Ms Lai joined the Group in 2000 as its Group Financial Controller before assuming the current position as Finance Director in 2004. She is responsible for the Group's accounting, finance, treasury and tax functions. Prior to joining the Group, Ms Lai was an auditor with international accounting firms since 1987.

Ms Lai was appointed by the Ministry of Finance (MOF) as a member of the Tax Advisory Committee from 2004 to 2006 and served as a Council member of the Council on Corporate Disclosure and Governance from 2006 to 2007. She also served as a member of the CFO Committee of the Institute of Singapore Chartered Accountants (ISCA) from 2009 to 2012 and its Corporate Governance and Risk Management Committee from 2018 to 2020.

Ms Lai has been a member of the ISCA Council since 2018 and is currently the Chairperson of its Continuing Professional Education Committee and a member of its Membership Committee. She also chairs the Singapore Chartered Accountant Qualification (SCAQ) Advisory Panel which ISCA has set up to provide recommendations to enhance, strengthen and update the SCAQ programme.

Ms Lai was appointed by MOF as a Board member of the Accounting and Corporate Regulatory Authority (ACRA) since 2019. She is an Independent Director of Micro-Mechanics (Holdings) Ltd and the Non-Executive Chairman of Singapore Paincare Holdings Limited, both companies listed on SGX, since June 2014 and July 2019 respectively.

Ms Lai graduated with a bachelor's degree in Accountancy from the National University of Singapore. She is a Fellow Chartered Accountant of Singapore (FCA) and a member of the Singapore Institute of Directors. In 2009, she was named the Chief Financial Officer of the Year at the Singapore Corporate Awards (for listed companies with less than $300 million in market capitalisation).

ALVIN YAP AH SENG

Division Head
Yi Hu Fish Farm Trading

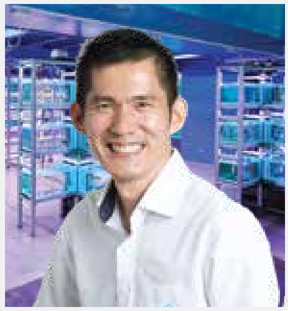
Mr Yap, a founding member of the Group, heads the Group's aquarium and pet accessories operations.

Mr Yap was the Managing Partner for Yi Hu Fish Farm Trading from 1988 to 1998. In 2000, Mr Yap, together with Kenny Yap and Andy Yap, was honoured as one of the Top 12 Entrepreneurs of the 12th Rotary-ASME Entrepreneur of the Year as well as a finalist at the 10th Rotary-ASME Entrepreneur of the Year in 1998.

Mr Yap holds a diploma in Mechanical Engineering from the Singapore Polytechnic.

Key Management

SINGAPORE

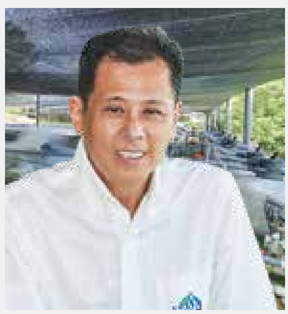


ANDY YAP AH SIONG
Division Head
Qian Hu Fish Farm Trading

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

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

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



BOB GOH NGIAN BOON
Senior Manager, Business Development

Mr Goh joined the Group in 2001. He was appointed General Manager of its Guangzhou factory in 2005 and was transferred to the Group's Beijing and Shanghai operations in August 2007 and January 2008 respectively to handle the day-to-day operations. With effect from January 2016, Mr Goh has been re-designated to supervise and handle the Group's business development, focusing mainly in China and new markets. Prior to joining Qian Hu, Mr Goh was a Brand Manager and has managed several high-profile international brands.

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

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

Mr Lee has been overseeing and managing the operations and business development of Qian Hu Tat Leng for more than 25 years. He is responsible for the growth of the Group's plastics business.

MALAYSIA

LIM SI LOON
Director
Qian Hu Aquarium and Pets (M) Sdn. Bhd.
Qian Hu The Pet Family (M) Sdn. Bhd.
Qian Hu Development Sdn. Bhd.

Mr Lim first joined the Group in 2003 as an Accountant and was subsequently promoted to General Manager in 2013 and is currently responsible for the operations and development of the Group's business in Malaysia.

Prior to joining the Group, Mr Lim was working as a Finance and Administration Manager with Ossia World Of Golf (M) Sdn Bhd from 2001 to 2003.

Mr Lim is a Fellow Member with the Association of Chartered Certified Accountants (FCCA), as well as a Member of the Malaysian Institute of Accountants (MIA).

CHINA

LIM YIK KIANG
Head of Fish Business, China Operations

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

YAP KAY WEE
Head of Accessories Business, China Operations

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

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

THAILAND/INDONESIA

JIMMY TAN BOON KIM
Managing Director
Thai Qian Hu Company Limited
Advance Aquatic Co., Ltd
P.T. Qian Hu Joe Aquatic Indonesia

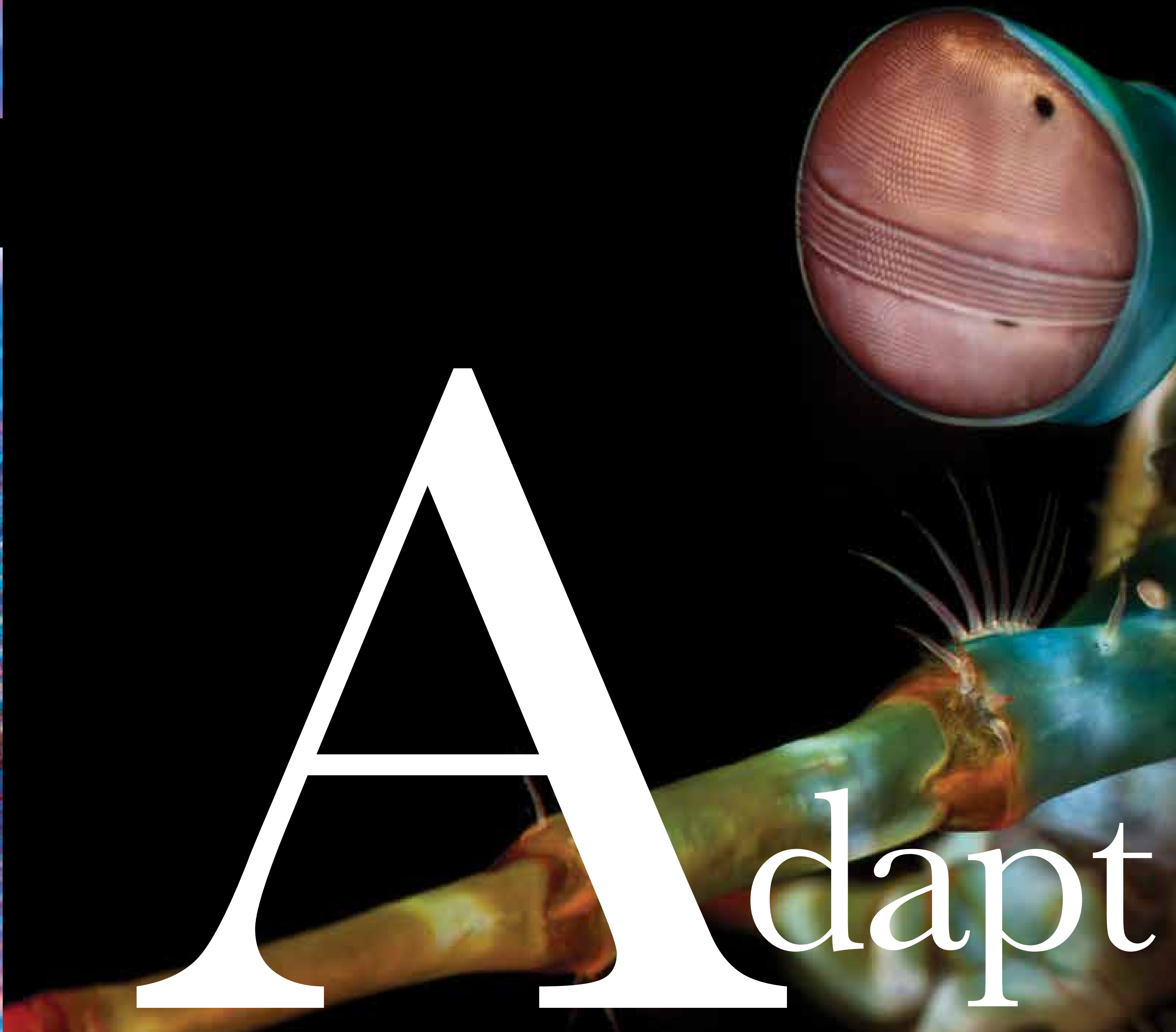
Mr Tan oversees the business operations and business development of the Group's ornamental fish business in Thailand and Indonesia. Prior to his current appointments, Mr Tan was the division head of Daudo division in Singapore, overseeing the import, export and wholesale of ornamental fish.

LOW ENG HUA
Managing Director
Qian Hu Marketing Co Ltd

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

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

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



Adapt

Our pivot to the Aquaculture business shows how a traditional ornamental fish exporter can adapt to changes in the business landscape. This was possible because years ago we developed a proprietary filtration technology called HYDROPURE which continues to reap new products and application for us – another example of our agility.

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Market Updates

Overview

SINGAPORE

Singapore's food security target of 30% by 2030 has spurred Qian Hu's latest growth engine – Aquaculture. In 2022, the Group launched the "Qian Hu Aquaculture" brand to distribute and sell aquaculture seafood in Singapore, right at its farm. The pandemic has also surfaced a growing demand for pets accessories, especially in the dogs, cats and small animals categories.

MALAYSIA

Across the Causeway, Qian Hu Malaysia is also seeing a different sales mix in its operations led by accessories of dogs, cats and small animals. Moving ahead, it will leverage on the twin strategies of elevating sales via physical retail stores and digital platforms like Shopee and Lazada.

CHINA

Qian Hu China's performance continues to be hampered by China's zero-Covid policy. Notwithstanding, the subsidiary launched new products to fit smaller, mid-market homes, and expanded its offerings of aquarium accessories to elevate recurring income. Meanwhile, the Group's aquaculture business in Hainan got a boost from the resumption of cargo flights.

THAILAND

While Thailand's domestic ornamental fish industry is dominated by the current trend of multi-hued betta fish and other new fish varietals, it is also seeing an uptick in the sales of pets accessories and nutritional products especially for dogs, cats and small animals. Qian Hu Thailand is venturing into smart aquaculture systems, replicating the Group's success in Singapore.

INDONESIA

Indonesia has seen a flurry of fish breeding activities, producing exciting varieties to boost market demand. The Indonesia government is also looking to develop a network of aquaculture farms to boost food security in the region.

Singapore

Despite the geopolitical crisis in Europe, China's zero-Covid policy and global inflationary pressures which cast a pall over the overall business environment, Qian Hu in Singapore continues to focus on developing its new growth engine – Aquaculture.

Our shrimp farming initiatives have been boosted by our investment in Bosch unit – AquaEasy, which develops sustainable digital aquaculture solutions ensuring high survivability and productivity. Apart from being appointed the exclusive distributor for AquaEasy's solutions in Malaysia and Thailand, we have leased 16 ponds from a third-party farm in Singapore to expand our shrimp farming capacity.

In 2022, the Group launched a new brand – Qian Hu Aquaculture – to distribute and sell aquaculture seafood such as vannamei shrimps and marble goby ("soon hock") in Singapore, right at our farm. We believe that there is a ready market for premium yet affordable seafood in Singapore.

We also sell other types of seafood that we purchase from other farms – such as live lobsters, oysters and Sri Lankan mud crabs. Our seafood is also available via our B2B and B2C online platforms.

In addition to edible seafood products, Qian Hu sells its aquaculture equipment, peripherals, such as feeds and supplements, to local and regional farmers.

We are also focusing on growing our pets accessories business as we saw this segment has grown noticeably since the start of the pandemic. We are looking to expanding our range of accessories, nutritional products and supplements for dogs, cats and small animals. We expect the demand for pet accessories will continue to grow substantially in the coming years.

The ornamental fish segment is undergoing a correction phase as market demand shifts to the pets segment. However, we envisage that the fundamentals for ornamental fish continue to robust, boosted by new varietals that would fuel future demand as well as emerging markets that are currently experiencing high growth – such as Vietnam and Indonesia.

Over at our plastics manufacturing subsidiary, the year has been wrought with volatility in raw material prices which continued challenge margins while it seeks to grow the topline particularly in sectors that continue to uphold stringent hygiene protocols such as the food and beverages packing and healthcare sectors.

Meanwhile, our "One Qian Hu" digitalisation project has commenced and will be completed by end of June 2023. We will be replicating this initiative to other Qian Hu's subsidiaries from the second half of 2023.

Malaysia

This year, we focused our efforts on aquarium and pet products in Malaysia. Both segments performed well and contributed positively to the overall business.

In Malaysia, we are witnessing a growing trend where young people increasingly move towards the adoption of pets in line with urban growth. In addition, the trend of pet humanisation where more pet owners try to provide their pets with human-like products or experiences, further fuels the adoption and higher levels care for pets. We believe this will bode well for the pet accessories business in Qian Hu Malaysia as it continues to focus on expanding the range of nutrition and accessories products to meet market demand in the coming years.

In addition, the e-commerce market momentum is gaining good traction as Qian Hu Malaysia registered robust sales from digital retail platforms like Shopee and Lazada with exponential growth in the number of products available online in the past years. Our online strategy continues to involve ensuring our resources are ready to capitalise on this moving consumer trend.

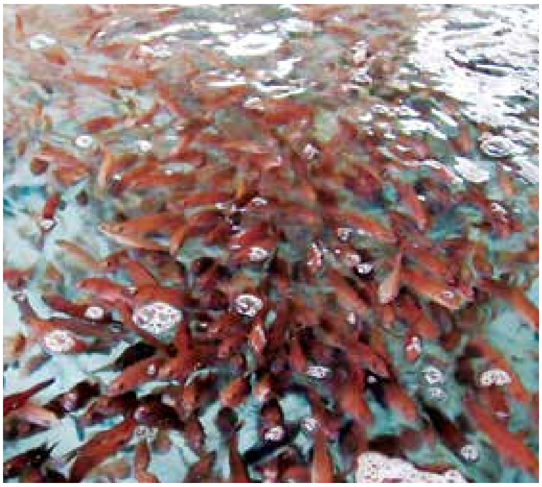
China

The China's zero-Covid policy has resulted in economic and social uncertainties, thereby affecting discretionary spending in the country. The swift lockdowns in various cities has caused supply chain disruptions which had a great impact on logistics and other operational issues affecting Qian Hu China's performance.

Nonetheless, in FY 2022, Qian Hu China managed to expand its range of Arowana fish tanks to better capture new market segments and elevate market share at a faster pace. In particular, it introduced the stylish "Joyful" series of tanks, which are specially designed to fit smaller mid-market homes in China's second-tier and third-tier cities.

Apart from tanks, we also expanded our range of fish feeds, filtration systems and water conditioners which contributed stable sales through online platforms and via stores operated by its authorised dealers.

Meanwhile, the aquaculture business in Hainan experienced a boost since June 2022, with the resumption of cargo flights between Haikou and Singapore, thereby facilitating the export of seafood products which contributed postively to the Group's revenue.



Thailand

Despite the reopening of borders in 2022, our ornamental fish exports from Thailand had been hampered by the Ukraine war. With the ensuing energy crisis and inflationary pressures in Europe, we saw more pressure on our business, as consumers have been cautious in their spending on their fish hobbies.

Domestically, consumers in Thailand have been attracted to trending cross-breeds of betta (or fighting fish) which have amazing colour patterns such as "candy" and "platinum". Other fish breeds that are growing in popularity include giant goldfish with rose-coloured tails that can grow up to 1 kg in size!

Sales of pets accessories in Thailand have also seen an upturn with an upsurge in people turning to keeping dogs and cats during the pandemic. Niche markets for small animals such as chinchillas and hamsters, as well as reptiles and exotic insects have been on the uptick. Qian Hu Thailand will continue to expand its range of pet foods for cats and dogs while focusing on building niche pet accessories segments like birds, small animals and reptiles. We also continue to ramp up online marketing distribution channels which has undergone rapid growth and make use of social media to facilitate timely decision making to stay competitive in the market and to increase new customer base.

Going forward, Qian Hu Thailand will venture into smart shrimp aquaculture systems replicating the Group's success in Singapore.

Indonesia

Indonesia's ornamental fish industry has been growing, thanks to its Ministry of Maritime Affairs and Fisheries (KKP) looking to grow the industry beyond its current 5^{th} position in the world with a global market share of nearly 9% annually. Accordingly, the Indonesia market has outperformed sales expectations in 2022, where business growth coming from domestic sales of imported fish.

The pandemic has also spurred a flurry of fish breeding activities, resulting in more varieties which spurs both domestic and international demand. These include interesting variations of betta, snakeheads, gourami, koi, goldfish and comets.

Looking ahead, Qian Hu's Indonesia hub will look to replicate Qian Hu Singapore's aquaculture capabilities, in line with the Indonesia government's plan to have a network of aquaculture farms to boost its farmed seafood production. We will also continue to explore new marketing methods, such as social media and online platforms, to widen our outreach.

Flexible

Our five-hub structure enables us to source for all varieties of products that would meet market demand, thereby securing our position as the world's leading ornamental fish company. Addressing the global need for food security, we envisage that Aquaculture will be a key growth booster. At Qian Hu, we always stay flexible and nimble.

Financial Highlights

	2022	2021	2020	2019	2018
FOR THE YEAR ($'000)					
Revenue	75,265	80,003	75,233	76,915	85,667
Gross profit	24,443	26,817	25,277	23,511	26,042
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	5,407	6,128	4,937	4,659	3,447
Profit (Loss) before tax	1,896	2,311	(1,121)	1,059	775
Net profit (loss) attributable to owners of the Company (PATMI)	1,400	1,720	(1,453)	920	402
Operating cashflow	6,039	8,517	9,160	6,411	515
Capital expenditure	1,103	1,550	601	1,028	1,824
AT YEAR END ($'000)					
Total assets	72,391	74,794	77,967	79,570	79,807
Total liabilities	20,840	24,163	28,232	27,682	28,999
Equity attributable to owners of the Company	49,255	48,320	47,356	49,394	48,461
Net current assets	29,827	27,761	25,692	24,734	18,725
Cash and cash equivalents	20,117	21,671	19,098	13,784	11,491
KEY FINANCIAL RATIOS					
Revenue growth (%)	(5.9%)	6.3%	(2.2%)	(10.2%)	(2.5%)
Net profit growth (%)	18.6%	218.4%	(257.9%)	128.9%	22.2%
Gross profit margin (%)	32.5%	33.5%	33.6%	30.6%	30.4%
Net profit (loss) margin (%)	2.2%	2.5%	(1.8%)	1.2%	0.7%
Debt-to-equity ratio (times)	0.40	0.48	0.57	0.53	0.57
Return on shareholders' equity (%)	2.8%	3.6%	(3.1%)	1.9%	0.8%
Return on total assets (%)	1.9%	2.3%	(1.9%)	1.2%	0.5%
Dividend payout ratio (%)	24.3%	19.8%	(15.6%)	37.1%	56.5%
PER SHARE INFORMATION (CENTS)					
Earnings (Loss) per share	1.23	1.51	(1.28)	0.81	0.35
Net assets per share	43.39	42.56	41.71	43.51	42.69
Cash per share	17.72	19.09	16.82	12.14	10.12
Dividend per share	0.30	0.30	0.20	0.30	0.20
MARKET CAPITALISATION ($'MILLION)					
At close of business on the first trading day after the announcement of audited results	26.11	25.54	23.84	18.16	21.68

Revenue
$75.3 million
$80.0 million in 2021

EBITDA
$5.4 million
$6.1 million in 2021

PATMI
$1.4 million
$1.7 million in 2021

Total Assets
$72.4 million
$74.8 million in 2021

Total Liabilities
$20.8 million
$24.2 million in 2021

Cash and Cash Equivalents
$20.1 million
$21.7 million in 2021

Value-Added Statements

($'000)	2022	2021	2020	2019	2018
Revenue earned	75,265	80,003	75,233	76,915	85,667
less : Purchase of goods and services	(58,188)	(60,984)	(56,089)	(60,451)	(67,857)
Gross value-added from operations	17,077	19,019	19,144	16,464	17,810
Other income	4,278	3,524	773	3,633	1,637
Exchange (loss) gain	(179)	508	(75)	(41)	(356)
Total value-added available for distribution	**21,176**	**23,051**	**19,842**	**20,056**	**19,091**
Distribution of Group's value-added:					
To employees					
- Salaries and other related costs	15,728	15,469	13,246	14,871	14,974
To government					
- Corporate and other taxes	385	431	309	244	500
To providers of capital					
- Interest paid on borrowings	352	252	385	586	513
- Dividends to shareholders	341	227	341	227	227
Retained for re-investment and future growth					
- Depreciation and amortisation	3,194	3,596	3,726	3,069	2,167
- Accumulated profit (loss)	1,059	1,493	(1,793)	693	175
- Non-controlling interests	239	281	132	24	166
Non-production costs and income					
- Bad trade receivables writen off	27	207	995	377	249
- Impairment loss (Reversal of impairment loss) on trade receivables	91	485	135	(52)	96
- (Write back of allowance) Allowance for inventory obsolescence	(240)	610	366	17	24
- Impairment loss on brooder stocks	-	-	2,000	-	-
Total distribution	**21,176**	**23,051**	**19,842**	**20,056**	**19,091**
PRODUCTIVITY DATA					
Number of employees	524	563	547	595	507
Value-added per employee ($'000)	40	41	36	34	38
Value-added per dollar of employment cost	1.35	1.49	1.50	1.35	1.27
Value-added per dollar of revenue	0.28	0.29	0.26	0.26	0.22
Value-added per dollar of investment in property, plant & equipment and brooder stocks	0.47	0.47	0.41	0.43	0.44

STATEMENT OF PROFIT OR LOSS

REVENUE – Decreased by approximately $4.7 million or 5.9% mainly due to lower revenue contribution from the core business segments – Fish and Accessories.

The Group's Fish and Accessories businesses were affected by the on-going Russia-Ukraine conflict, the geopolitical tensions and economic uncertainties which had caused business disruptions and had resulted in the weakened and conservative purchasing sentiments globally. In addition, the China zero-Covid policy and pandemic lockdowns throughout the year had led to significant supply chain and transportation network disruptions which resulted in the reduction in business activities.

Plastics revenue managed to register stable growth with the stabilisation of customer base, focusing on generating revenue through selling products with sustainable margins.

GROSS PROFIT – Decreased by $2.4 million or 8.9% mainly due to reduction in revenue contribution as a result of lower business activities as mentioned above. Gross profit margin declined from 33.5% in FY 2021 to 32.5% in FY 2022.

OTHER INCOME – Mainly consisted of handling income of $4.0 million (FY 2021: $3.3 million) derived from the handling of transshipments in relation to the aquaculture business, which was higher in tandem with the increase in aquaculture business activities in FY 2022.

PROFIT BEFORE TAX – Decreased by approximately $0.4 million or 18.0% in line with lower gross profit generated due to the reduction in overall revenue, coupled with escalating finance costs, adverse foreign currency exchange rates, surge in energy prices and rising personnel expenses as a result of the increase in headcount and annual salary revision notwithstanding the higher transshipments activities.

TAX EXPENSE – The tax expense was mainly in relation to the operating profits registered by the profitable entities within the Group.

The effective tax rate registered were lower than the amount obtained by applying the statutory tax rate of 17% on profit before tax mainly due to utilisation of tax credits by the Group during the financial year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – Decreased as a result of lower revenue contribution and lower profit generated during the financial year. Net profit margin declined from 2.5% to 2.2%.

	2022 $'000	2021 $'000	Change %
REVENUE			
- Fish	29,137	30,407	(4.2)
- Accessories	38,139	41,914	(9.0)
- Plastics	7,989	7,682	4.0
TOTAL REVENUE	**75,265**	**80,003**	**(5.9)**
Less : Cost of sales	(50,822)	(53,186)	(4.4)
GROSS PROFIT	**24,443**	**26,817**	**(8.9)**
Add : Other income	4,278	3,524	21.4
Less : Operating expenses	(26,825)	(28,030)	(4.3)
PROFIT BEFORE TAX	**1,896**	**2,311**	**(18.0)**
Less : Tax expense	(257)	(310)	(17.1)
PROFIT FOR THE YEAR	**1,639**	**2,001**	**(18.1)**
PROFIT ATTRIBUTABLE TO:			
Owners of the Company	**1,400**	**1,720**	**(18.6)**
Non-controlling interests	239	281	(14.9)
PROFIT FOR THE YEAR	**1,639**	**2,001**	**(18.1)**

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS – Decreased by $2.4 million or 3.2% as at 31 December 2022.

Decrease in property, plant & equipment was mainly due to the depreciation charge during the financial year, despite there were capital expenditure incurred in relation to the purchase of motor vehicles and equipment, as well as on-going enhancements 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.

Increase in financial asset at fair value through profit or loss was related to unsecured convertible loan granted to AquaEasy Pte Ltd.

Decrease in inventory as a result of the continuous review carried out to streamline our inventory management process so as to better and effectively manage our inventory holding.

Decrease in trade and other receivables was due to conscientious efforts made in the monitoring and collection of trade receivables outstanding throughout the financial year, partially offset by the outstanding proceeds from the liquidation of a subsidiary completed in end December 2022.

Decrease in cash and cash equivalents was utilised for the repayment of bank borrowings.

TOTAL LIABILITIES – Decreased by $3.3 million or 13.8% as at 31 December 2022.

Decrease in trade and other payables was due to the settlement of trade liabilities and non-trade suppliers during the current financial year.

Decrease in loans and borrowings was due to the repayment of bank borrowings and settlement of lease liabilities on a monthly basis, offset by the increase in lease liabilities upon the recognition of additional ROU assets.

TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY – Increased by $0.9 million or 1.9% as at 31 December 2022 was mainly a result of profit attributable to owners of the Company for the financial year, partially offset by the payment of dividends to shareholders of the Company in April 2022.

TOTAL NON-CONTROLLING INTERESTS – Decreased by $0.02 million or 0.6% as at 31 December 2022 as the profit contributions from the non-wholly owned subsidiaries for the financial year was offset by the payment of dividends by one of these subsidiaries.

	2022 $'000	2021 $'000	Change %
TOTAL ASSETS	**72,391**	**74,794**	**(3.2)**
- Property, plant and equipment	8,265	8,586	(3.7)
- Intangible assets	6,783	6,905	(1.8)
- Biological assets-Brooder stocks	7,669	7,855	(2.4)
- Financial asset at fair value through profit or loss	1,050	-	NM
- Inventories (including breeder stocks)	15,441	16,163	(4.5)
- Trade and other receivables	13,066	13,614	(4.0)
- Cash and cash equivalents	20,117	21,671	(7.2)
TOTAL LIABILITIES	**20,840**	**24,163**	**(13.8)**
- Trade and other payables	9,530	10,174	(6.3)
- Tax liabilities	508	539	(5.8)
- Loans and borrowings	10,802	13,450	(19.7)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**49,255**	**48,320**	**1.9**
TOTAL NON-CONTROLLING INTERESTS	**2,296**	**2,311**	**(0.6)**

Financial Review (Cont'd)

BUSINESS SEGMENT PERFORMANCE

Qian Hu Group has its main presence in five countries, namely, Singapore, Malaysia, Thailand, Indonesia and China, which consists of 14 subsidiaries (collectively known as the "Group") as at 31 December 2022.

The Group has three main business activities - Fish, Accessories and Plastics. For the financial year ended 31 December 2022 ("FY 2022"), the Group recorded revenue of $75.3 million, of which approximately 89% was contributed by the core businesses (Fish and Accessories), while Plastics contributed the remaining 11%. The Fish business accounted for 68% of the Group's operating profit compared to 21% from Accessories and 11% by Plastics.

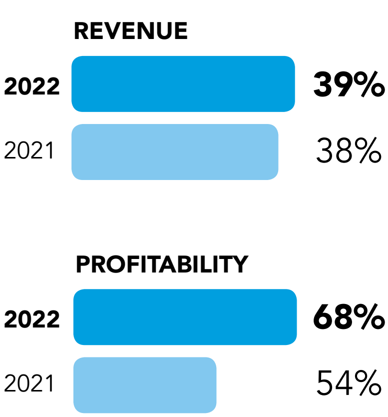
Fish - includes fish farming, breeding, distribution and trading of ornamental and edible fish/seafood;

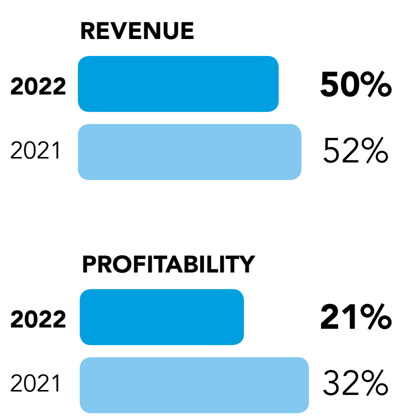
Accessories - includes manufacturing and distribution of aquarium and pet accessories;

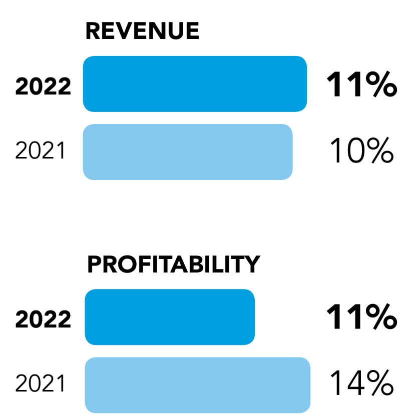
Plastics - includes manufacturing and distribution of plastic bags; and

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

($'000)	Fish	Accessories	Plastics	Others	Total
FY 2022					
Revenue	29,137	38,139	7,989	-	**75,265**
Profit (Loss) before tax	3,687	1,126	576	(3,493)	**1,896**
FY 2021					
Revenue	30,407	41,914	7,682	-	**80,003**
Profit (Loss) before tax	2,776	1,656	751	(2,872)	**2,311**







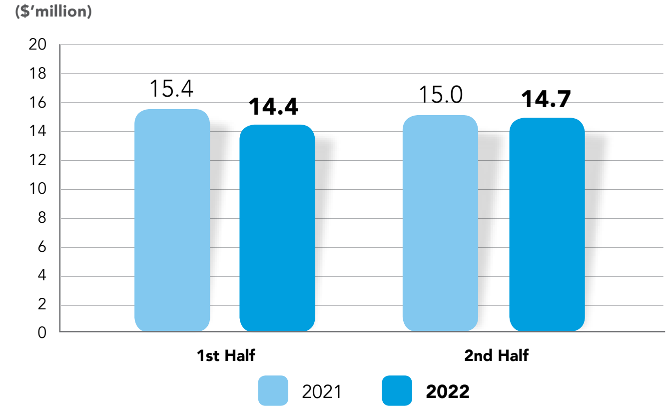
The Group engages in the total ornamental fish process, which includes import, export, breeding, quarantine, conditioning, farming, wholesales and distribution activities. Through its distribution hubs in Singapore, Malaysia, China, Thailand and Indonesia, Qian Hu exports over 1,000 species and varieties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

In 2017, the Group kick-started its aquaculture business, farming antibiotic-free edible fish fingerlings in Hainan Province, China. It also deals in the export of edible fish and seafood from Hainan to Southeast Asia, and the import of other edible fish and seafood from the rest of the world into China.

REVENUE

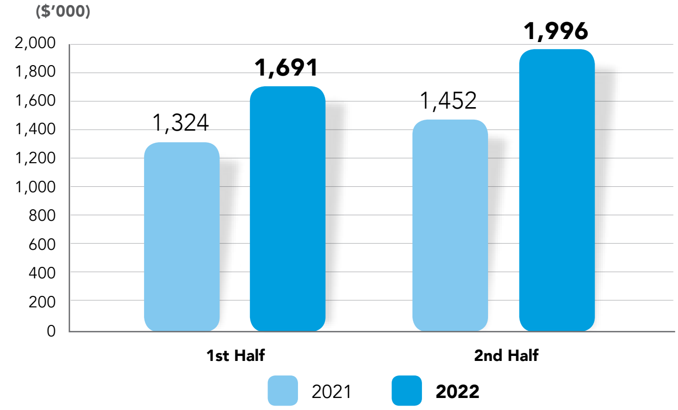
The on-going Russia-Ukraine conflict and the geopolitical landscape has affected the ornamental fish exports to Russia and dampened the purchase sentiments of the customers in the surrounding region to a certain extent, which resulted in a relatively lower revenue reported in FY 2022 as compared to the pre-war days in FY 2021.

The aquaculture business, revolved around the farms in the Hainan Province in China, was impacted by the massive lockdown since January 2022 in order to surpass the escalation of the Covid-19 pandemic situation which has dampened domestic demand and has resulted in depressed fish fry prices in the 1st half of 2022. Nonetheless, it saw a recuperation of revenue, with a stable flow of customers' orders in the 2nd half of 2022, following the gradual resumption of air traffic since June 2022, which has alleviated the impact of the reduction in revenue contribution from the export of ornamental fish as mentioned above.



PROFITABILITY

Despite registering a reduction in revenue contribution in both 1st half and 2nd half of 2022 as compared to the corresponding periods in FY 2021, operating profit from the fish business has improved in 1st half of 2022 due to higher handling fees from the handling of transshipments in relation to the aquaculture business. The Fish business continued to benefit from the income derived from its aquaculture business, which lifted the profitability in the 2nd half of 2022.



Financial Review (Cont'd)

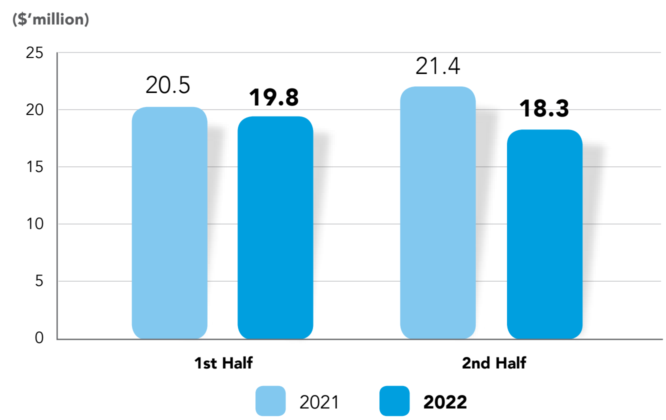
BUSINESS SEGMENT PERFORMANCE

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

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

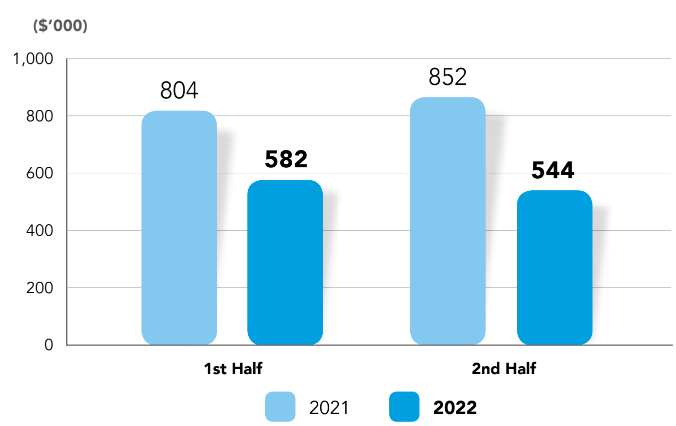
REVENUE

The business activities in Guangzhou (China) were severely affected by the pandemic lockdown imposed by the local government to help limit the spread of Covid-19 infections, coupled with the weakened and conservative purchasing sentiments globally due to trade disruptions, geopolitical tensions and economic uncertainties, had resulted in the dip in the accessories revenue in FY 2022 as compared to FY 2021.

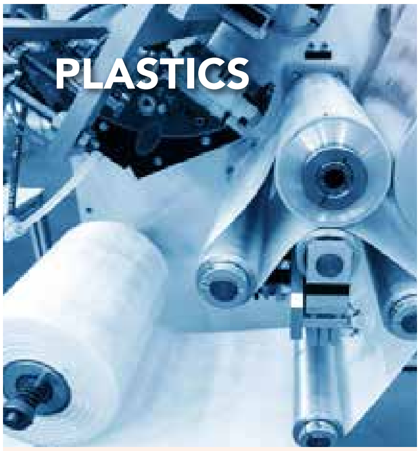


PROFITABILITY

The operating profit from the accessories business moved in tandem with the revenue contribution in FY 2022 as compared to FY 2021.



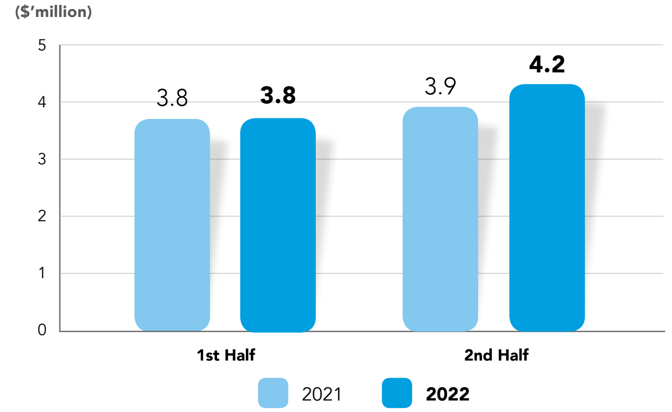
PLASTICS



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

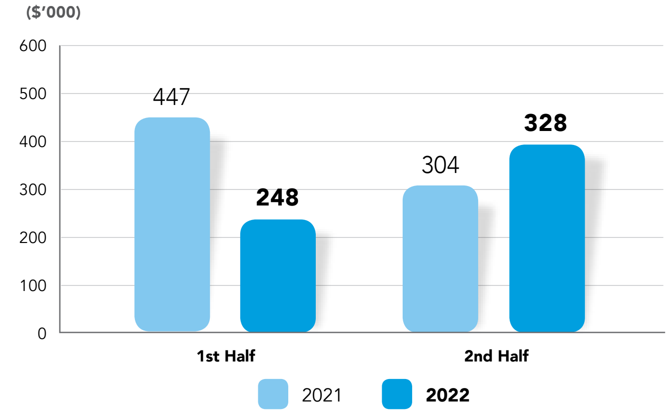
REVENUE

Revenue from the plastics activities registered stable growth in FY 2022 with the stabilisation of 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.



PROFITABILITY

The operating profit from the plastics segment was impacted by higher raw material prices and a gradual increase in overall operational costs in 1st half of 2022. With the higher revenue registered in the 2nd half of 2022, the profitability of the plastics business improved gradually as compared to its corresponding period in 2021.



Financial Review (Cont'd)

CAPITAL MANAGEMENT

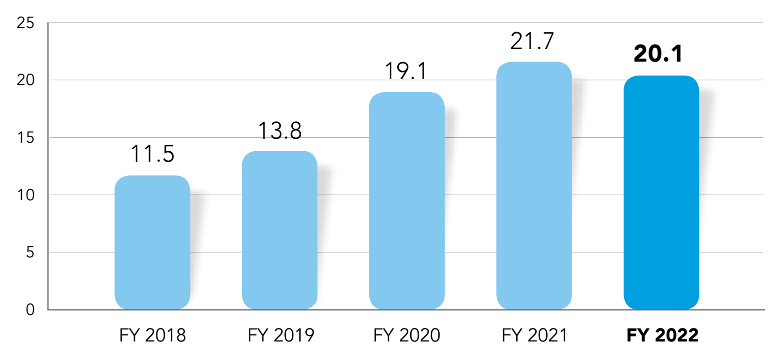
The Group maintains a strong balance sheet (Statement of Financial Position) and an efficient capital structure to maximise returns for shareholders. The Group has sufficient cash and cash equivalents and an adequate amount of standby credit facilities. The funding of working capital requirements and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

As at 31 December 2022, credit facilities in the form of short-term loans, bank overdrafts, letter of credit and other banking facilities provided by major banks to the Group amounted to approximately $21.7 million (31/12/2021: $21.7 million) of which approximately $9.0 million (31/12/2021: $12.1 million) was utilised.

CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents decreased by approximately $1.6 million in FY 2022 to $20.1 million as compared to approximately $21.7 million a year ago, which was utilised for the repayment of bank borrowings.

CASH AND CASH EQUIVALENTS ($'million)



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

NET CASH FROM OPERATING ACTIVITIES was lower for the financial year ended 31 December 2022 due to a reduction in operating profit registered, coupled with a lower amount of trade receivables realised into cash during the financial year.

NET CASH USED IN INVESTING ACTIVITIES in FY2022 was mainly related to capital expenditure incurred for the purchase of equipment, as well as on-going enhancements made to the farm and other facilities in Singapore and overseas. In addition, there was an unsecured convertible loan granted to AquaEasy Pte Ltd.

NET CASH USED IN FINANCING ACTIVITIES in FY 2022 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 2022.

	2022 $'000	2021 $'000
Net cash from operating activities	6,039	8,517
Net cash used in investing activities	(1,929)	(1,427)
Net cash used in financing activities	(5,237)	(4,263)
Net (decrease) increase in cash and cash equivalents	(1,127)	2,827
Cash and cash equivalents as at end of year	**20,117**	**21,671**

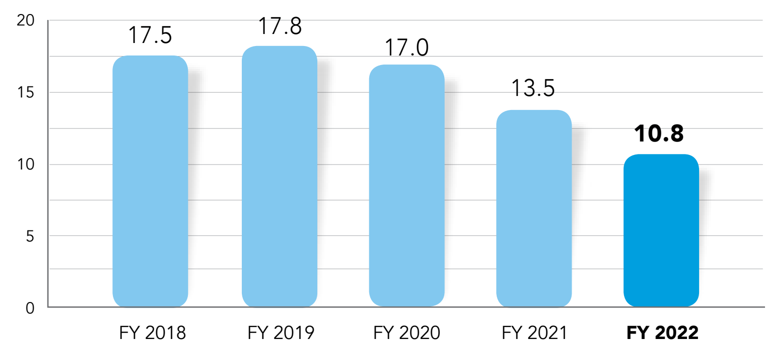
LOANS AND BORROWINGS

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

The Group is in compliance with all borrowing covenants for the financial year ended 31 December 2022.

As at 31 December 2022, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately $1.7 million (31/12/2021: $1.7 million).

LOANS AND BORROWINGS ($'million)



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

The weighted average effective interest rates relating to **bills payable to banks** is 4.25% (2021: 3.41%) per annum. These bills mature within one to three months from the reporting date.

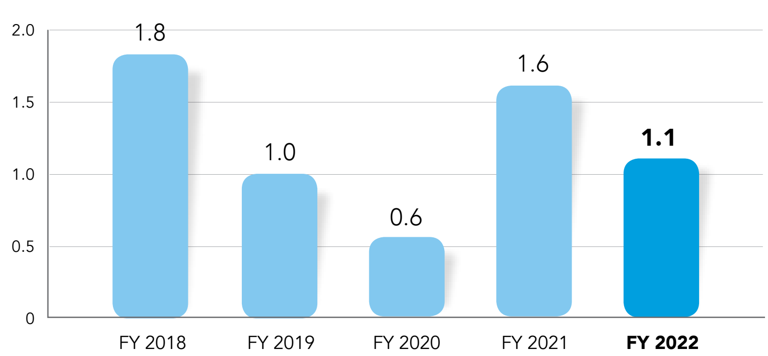
The unsecured **bank term loans** are revolving bank loans that bear interest at rates ranging from 4.75% to 5.20% (2021: 1.23% to 1.52%) per annum and are repayable within the next 12 months from the financial year end.

	2022 $'000	2021 $'000
Current liabilities:		
Bills payable to banks (unsecured)	26	53
Lease liabilities	838	995
Bank term loans (unsecured)	9,000	12,000
	9,864	13,048
Non-current liabilities:		
Lease liabilities	939	402
Total borrowings	**10,803**	**13,450**

CAPITAL EXPENDITURE

In FY 2022, the capital expenditure incurred were mainly related to the purchase of motor vehicles and equipment. In addition, there were on-going enhancements to infrastructure and farm facilities in Singapore and overseas so as to enhance operational efficiency.

CAPITAL EXPENDITURE ($'million)



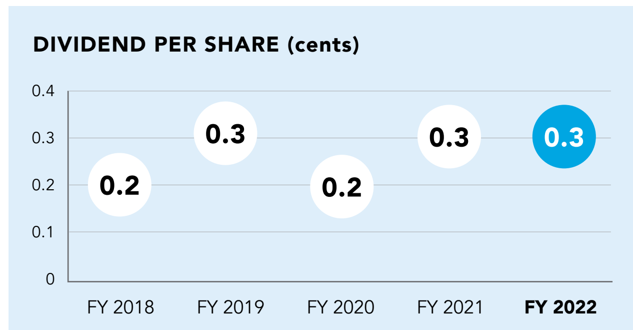
Financial Review (Cont'd)

SHAREHOLDERS' RETURNS

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

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

The Company paid a final cash dividend of 0.3 Singapore cents per ordinary share for the financial year 2021. For the financial year ended 31 December 2022, the Directors are pleased to declare a final dividend of 0.3 Singapore cents per ordinary share (one-tier tax exempt), paying up to at least 20% of its current year's net earnings. The proposed dividend, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 29 March 2023, will be paid out on 25 April 2023.



Sustainability Report

Contents

Sustainability Report

1.0 REPORT SCOPE

1.1 OVERVIEW

Qian Hu Corporation Limited views sustainability as business-critical and has been a forerunner in sustainability reporting efforts since FY 2011 when we published our very first Sustainability Report. Our latest Sustainability Report 2022 (or "the Report") provides insights on how we seek to create sustained economic value for all our stakeholders while respecting the environment and positively impacting peoples' quality of life.

It encompasses Environmental, Social and Governance (ESG) issues in our markets of operations: Singapore, Malaysia, China, Thailand and Indonesia unless otherwise stated. All figures are represented in Singapore dollars. It covers the period from 1 January 2022 to 31 December 2022 ("FY 2022"). There were no significant changes this year to the organisation's sectors, value chain and other business relationships during the reporting cycle.

1.2 ABOUT THIS REPORT

We recognise the need to disclose information in a comparable and transparent manner. In this regard, we have prepared this report with reference to the GRI (Global Reporting Initiative) Standards which is globally recognised. In addition, we have disclosed our first TCFD (Task Force on Climate-related Financial Disclosures) Report to understand and manage climate risks and opportunities. The GRI Content Index and TCFD Content Index, along with the applicable disclosures, are detailed on pages 73 to 77 of the Report.

The Report complies with the SGX-ST Listing Rules 711A and 711B and Practice Note 7.6 Sustainability Reporting Guide. The Report has not been externally assured. We relied on our internal verification mechanisms to validate the accuracy of our reporting. Nevertheless, we plan to seek external assurance in the future.

The content presented in the Report is divided into nine sections. Section 1 brings the key message from our Board of Directors, highlighting the commitment of Qian Hu to strengthen our resilience to climate change and deliver long-term value to our stakeholders. Section 2 outlines our sustainability governance structure and strategy, followed by our approach to stakeholder engagement and defining material ESG topics. In the same section, we have aligned our sustainability efforts to specific UN SDGs (United Nations Sustainable Development Goals) and applicable GRI standards. We have also demonstrated our progress against our sustainability targets. Sections 3, 4, 5 and 6 outline our management approach, including our policies, practices and performance in relation to the material ESG topics identified. Section 3 emphasises the Environmental, while Sections 4, 5 and 6 looks at Social, Governance and Economic Performance, respectively. Information relating to Investor Relations is set out in Section 7, followed by Sections 8 and 9 containing our GRI and TCFD indices.

We value all feedback on the Report as we continuously strive to improve our reporting. Please submit all feedback, questions and views to feedback@qianhu.com.

1.3 MESSAGE FROM THE BOARD

Dear Stakeholders,

The events of 2022 have underscored the fragility of our global economic, environmental and social systems. At Qian Hu, we understand that the need for business transformation and collaboration has never been more urgent. As Qian Hu emerges from the COVID-19 pandemic, we are sharpening and enhancing our business portfolio and focusing our innovation in areas where our technology and capabilities can make a difference.

We acknowledge that embedding sustainability into the core of our business is the key to business resilience. Therefore, in our 12th Sustainability Report, endorsed by Qian Hu's Board of Directors and Management, we highlight our ESG performance and steps taken over the prior year to advance our sustainability goals.

There is no doubt that climate change poses significant risks but also opportunities for businesses. We are committed to strengthening our resilience and facilitating a fair transition to a lower-carbon future. We have also started gradually adopting the TCFD recommendations. In addition, we have begun developing and reporting our Scope 1 and Scope 2 greenhouse gas (GHG) emissions to understand our baseline emissions for the first time. In the coming years, we plan to develop our Scope 3 inventory and a decarbonisation plan, including setting GHG reduction targets for the Group.

We are cognisant of the role of Singapore's aquaculture sector in contributing to our local food production and food security. Through our fast-growing aquaculture business, we support the Singapore Government's target to produce 30% of the country's food requirements by 2030. This could help reduce Singapore's reliance on food imports, acting as a buffer during supply chain disruptions. In December 2021, we signed a Memorandum of Understanding (MoU) with AquaEasy Pte Ltd to deploy Artificial Intelligence (AI) and Internet of Things (IoT)-based solutions to raise productivity and implement sustainable aquaculture practices. Looking ahead, we have plans to expand this to the rest of our aquaculture business and will report its progress.

Keeping our employees well taken care of and providing a safe working environment continues to be one of our top priorities. Therefore, we implement initiatives that promote the well-being of our employees and constantly explore new avenues to engage them. Our overall employee satisfaction index score in FY 2022 stood at 4.6 out of 6 (2021: 4.71). We will continue working towards enhancing workplace practices for all.

Qian Hu is a responsible corporate citizen and we will continue to give back to our communities. Our outreach initiatives help to fortify the fabric of our workforce as we band together for the great good of the community. We support social causes, enterprises and entrepreneurship. In FY 2022, our Singapore-based employees visited the MWS Nursing Home and Ren Ci Nursing Home and made monetary donations. Furthermore, our employees in Guangzhou (China) visited a nursing home and provided blankets and thermo-flask donations, as well as assisted at a COVID-19 control centre.

In line with our corporate vision and mission, Qian Hu endeavours to continue to deliver long-term value to all our key stakeholders while progressing our sustainability goals. We remain guided by the attentiveness to stakeholders needs, steadfast and committed to addressing climate change issues and adherence to the sustainable framework we have put in place to track our progress.

Sincerely,
Board of Directors
Qian Hu Corporation Limited

Sustainability Report (Cont'd)

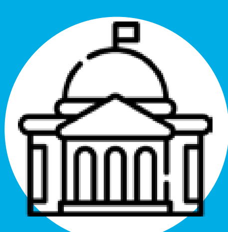
1.4 KEY HIGHLIGHTS

Environmental

1. Embarked on a collaboration with AquaEasy Pte Ltd to deploy its revolutionary Artificial Intelligence (AI) and Internet-of-Things technology to achieve higher productivity and predictability.
2. To remain climate-resilient, Qian Hu has started adopting the TCFD recommendations and planning to strengthen the disclosures in the coming years.
3. Developed and reported Scope 1 and Scope 2 GHG emissions with the view of developing Scope 3 inventory and a decarbonisation strategy in the coming years.

Social

1. Maintained a strong track record for safety with zero fatalities and reportable workplace accidents across all our entities.
2. Achieved an average of 10.4 training hours per employee.
3. Maintained zero substantiated complaints concerning breaches of customer privacy and losses of customer data.



Governance

1. At the 17th Singapore Corporate Awards held on 30 August 2022, Qian Hu clinched:
   - Gold Award for Best Managed Board
   - Gold Award for Best Annual Report
   - Bronze Award for Best Investor Relations (for SGX listed companies with a market capitalisation of less than S$300 million)
2. Maintained zero confirmed cases of non-compliance with relevant laws and regulations.

2.0 OUR APPROACH AND STRATEGY

2.1 GOVERNANCE STRUCTURE

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

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

Reporting to the Board of Directors, a Sustainability Committee, chaired by our Chief Executive Officer, has been set up to champion our sustainability causes, as well as to spreadhead sustainability projects and initiatives, including the setting of sustainability performance benchmarks and key performance indicators.

The Sustainability Committee is supported by the Sustainability Reporting Team, which form the core of our sustainability structure, and is made up of representatives from our operating entities in Singapore, Malaysia, China, Thailand and Indonesia. The team is actively involved in driving the execution, reporting and implementation of our sustainability strategy and programmes in their respective entities. This includes collaborating on sustainability initiatives and sharing sustainability best practices across the Group, as well as overseeing the monitoring of quantitative and qualitative measurements and working closely with all the business functions, namely, operations, human resource and procurement in the Group's sustainability efforts.

SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability Report (Cont'd)

2.2 MATERIALITY ASSESSMENT

In FY 2022, Qian Hu held a materiality workshop to refresh our material ESG topics. We took the opportunity to review our current sustainability strategy and focus areas to ensure that we continue to address our stakeholders needs. KPMG Services Pte. Ltd. was engaged to conduct the materiality workshop.

The materiality assessment was undertaken through a three-step approach as below:

MATERIALITY ASSESSMENT APPROACH

1. IDENTIFY
The material ESG topics were first identified and reviewed through one-to-one stakeholder interviews with consideration of sector-specific risks and opportunities.

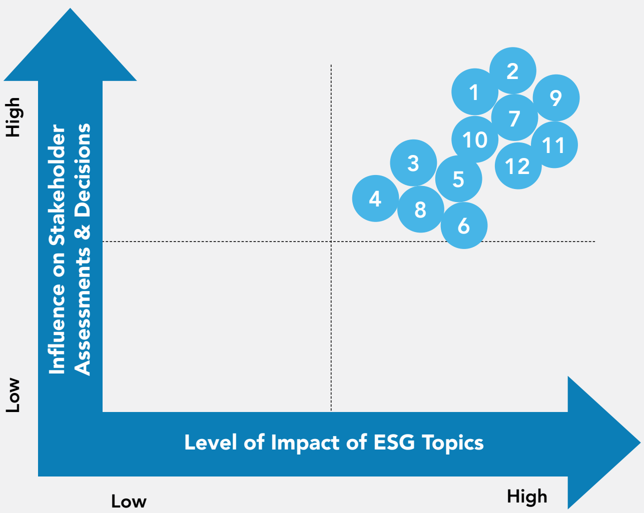
2. PRIORITISE
The material ESG topics were then prioritised based on the level of their impact and their influence on stakeholder assessments and decisions.

3. VALIDATE
The materiality assessment and results were subsequently endorsed by Management and the Board.

During the materiality assessment process, the Management prioritised these ESG topics based on the significance of their impacts on Qian Hu and their influence on our stakeholder assessments and decisions. The materiality assessment was conducted in line with the guidelines by GRI Standards in connection with the materiality principle.

The below materiality matrix shows how the ESG topics identified were prioritised during Qian Hu's materiality assessment using the abovementioned factors as the X- and Y-axis respectively.

MATERIALITY MATRIX



Topics

1. Business Ethics
2. Economic Performance
3. Climate Change
4. Biodiversity
5. Animal Welfare
6. Diversity and Equality
7. Health and Safety
8. Community Engagement
9. Innovation
10. Training and Development
11. Supply Chain Management
12. Customer Satisfaction

We have identified 10 ESG topics to be material to our business and have outlined how we managed each topic in relevant sections of this report as shown in Table 1.

TABLE 1: ESG MATERIAL TOPICS

ENVIRONMENTAL	1. Climate Change (Section 3.1) - Energy and Emissions - Water Management - Waste Management 2. Animal Welfare (Section 3.2) 3. Biodiversity (Section 3.3)
SOCIAL	4. Training and Development (Section 4.2) 5. Health and Safety (Section 4.3) 6. Customer Satisfaction (Section 4.4) 7. Innovation (Section 4.5) 8. Supply Chain Management (Section 4.6)
ECONOMIC AND GOVERNANCE	9. Business Ethics (Section 5.1) 10. Economic Performance (Section 6.0)

We recognise the emerging awareness on the evolving needs to address the risks of operating in the aquaculture sector, in particular, our operations are associated with impacts on biodiversity, genetic diversity and natural ecosystem. The handling of livestock also requires us to consider animal welfare constantly. Thus, in FY 2022, we have identified two new ESG topics: "Animal Welfare" and "Biodiversity".

Sustainability Report (Cont'd)

Table 2 highlights our reported topics for FY 2022 and how they have mapped to the topics reported in FY 2021.

TABLE 2 – REPORTED TOPICS

	Topics Reported for FY 2022	Mapped to Material Topics Reported for FY 2021	Importance and Reasons for Inclusion
1	Climate Change *(Section 3.1)*	Environment Management	Climate action is a business imperative and we need to address the impacts we have on the environment and the impacts of climate change on our business.
2	Animal Welfare *(Section 3.2)*	N/A; New Material Topic Identified in FY 2022	We deal with livestock and are responsible for keeping animal welfare in mind and maintaining the well-being of animals under our care.
3	Biodiversity *(Section 3.3)*	N/A; New Material Topic Identified in FY 2022	We are conscious of our business activities' impact on surrounding ecosystems and habitats.
4	Training and Development *(Section 4.2)*	Training and Education Employee Engagement	To ensure that the Group is well-positioned to fulfil its business objectives and move towards long-term sustainable growth, we continuously identify and groom talent in our niche sector and invest in employee development.
5	Health and Safety *(Section 4.3)*	Workplace Safety Product Health Management	Any disregard for health and safety aspects can have detrimental effects on the organisation and the well-being of our employees and customers. The nature of our operating environment requires us to pay utmost attention to the health and safety of our employees.
6	Customer Satisfaction *(Section 4.4)*	Customer Satisfaction	Our customers are crucial to the long-term sustainability of Qian Hu. We are committed to providing our customers with high-quality goods, dependable service, attentive after-sales support and we take the security of our customers' data and privacy seriously.
7	Innovation *(Section 4.5)*	Innovation	The needs of our customers are constantly changing and we need to innovate to stay relevant and to maintain our leadership in this sector.
8	Supply Chain Management *(Section 4.6)*	Supply Chain Management	Supply chain risks have the potential to impact our business. We need to maintain a reliable and sustainable supply chain so as to minimise potential disruptions to our business operations.
9	Business Ethics *(Section 5.1)*	Anti-Corruption Corporate Governance Human Rights	We uphold the highest ethical standards and conduct our business in compliance with all applicable laws and regulations.
10	Economic Performance *(Section 6)*	Economic Performance	Our internal and external stakeholders expect Qian Hu to deliver on financial performance and our value-added contribution to the societies and communities we operate in.
11	**Non-Material Topic** Diversity and Equality *(Section 4.1)*	Non-Discrimination & Diversity	Qian Hu inevitably has more male representation in our operational team due to the nature of our operations and the shortage of female workforce in this sector. We acknowledge this and will continue to practise inclusive hiring and strive to develop a diverse talent pipeline where feasible.
12	**Non-Material Topic** Community Engagement *(Section 4.7)*	Community Involvement	The involvement in the community has been a longstanding component of Qian Hu's DNA, whereby our community contribution efforts can be traced back to our early days. We will continue our efforts to contribute and give back to the community.

2.3 STAKEHOLDER ENGAGEMENT

In FY 2022, there were no significant negative impacts caused by our business activities and operations identified during our stakeholder engagement. Our stakeholders are defined as those whom our activities and business operations will impact. They include our suppliers, customers, employees, community, investors and regulators. Our stakeholder groups, their key issues and our engagement platforms are defined in Table 3.

We communicate with our stakeholders on a frequent basis through a variety of channels to make sure that our business interests are aligned with theirs. These stakeholder consultations also help us identify the impacts of our business activities and operations. Through effective stakeholder engagement, we are able to better understand and address their concerns.

TABLE 3 – APPROACH TO STAKEHOLDER ENGAGEMENT

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

Sustainability Report (Cont'd)

2.4 ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

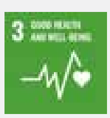
The UN SDGs rally governments and corporations to secure the well-being of people, societies, and the planet by providing a blueprint to address the world's most pressing sustainability development challenges. Qian Hu supports the UN SDGs and has aligned the sustainability efforts with seven SDGs most relevant to our business operations for the first time in FY 2022.

Table 4 outlines how we have mapped out our material topics to the selected UN SDGs, relevant GRI Topics Standards where applicable, and our FY 2022 performance against targets.

TABLE 4 – CONTRIBUTIONS TO SELECTED UN SDGs AND FY 2022 PERFORMANCE AGAINST TARGETS

Material ESG Topics	UN SDGs	GRI Topic Standards	FY 2022 Performance	Commitments and Targets
Climate Change • **Energy and Emissions** • **Water Management** • **Waste Management**	12 Responsible Consumption and Production 6 Clean Water and Sanitation 13 Climate Action	• GRI 302: Energy • GRI 303: Water and Effluents • GRI 305: Emissions • GRI 306: Waste	• Energy consumption - 5,850 MWh (2021: 5,751 MWh) • Energy use intensity - 36 kWh/m^2 (2021: 54 kWh/m^2) • GHG Emissions - 3,549 tCO_2e (2021: 3,502 tCO_2e) • Water consumption - 219,717 m^3 (2021: 192,341 m^3) • Water use intensity - 1.35 m^3/m^2 (2021: 1.79 m^3/m^2) • Plastic waste recycled - 116 tonnes (2021: 112 tonnes)	• Reduce water and energy use intensity by 10% by 2025 using 2020 as a baseline
Animal Welfare	–	• GRI 13.11: Animal Health and Welfare	• Average monthly in-house fish loss rate at 7%	• Maintain in-house fish loss rate of not more than 5%
Biodiversity	–	• GRI 304: Biodiversity	• In FY 2022, to the best of our knowledge, there were no reported incidents of significant impacts on biodiversity in the areas where we operate	• Operate in accordance with all laws and regulations, and strive to minimise any impacts on biodiversity in the areas where we operate
Training and Development	4 Quality Education	• GRI 401: Employment • GRI 404: Training and Education	• Average of 10.4 training hours per employee in FY 2022 (2021: 16)	• Average of 16 training hours per employee per year
Health and Safety	3 Good Health and Well-Being 8 Decent Work and Economic Growth	• GRI 403: Occupational Health and Safety • GRI 416: Customer Health and Safety • GRI 417: Marketing and Labelling	• Zero fatalities and no reportable workplace accidents • Zero incidents of non-compliance concerning the health and safety impacts of products and services	• Zero fatalities and workplace accidents across operations in all business locations • Assess our accessories products for health and safety impacts through quality checks and supplier labels
Customer Satisfaction	–	• GRI 418: Customer Privacy	• Customer satisfaction score of 4.17 out of 5 in FY 2022 (2021: 4.05) • Dead-On-Arrival rate for fish export at 3%	• Continue to enhance customer satisfaction level with improved service and quality products • Uphold highest standards of customer data privacy protection • Maintain the Dead-On-Arrival rate for fish export of not more than 3%

TABLE 4 – CONTRIBUTIONS TO SELECTED UN SDGs AND FY 2022 PERFORMANCE AGAINST TARGETS (continued)

Material ESG Topics	UN SDGs	GRI Topic Standards	FY 2022 Performance	Commitments and Targets
Innovation	–	–	21 new products were launched (2021: 23): • Aquarium Accessories: 12 • Aquaculture products: 1 • Pet Accessories: 8	• Develop more than 10 new products per year
Supply Chain Management	–	–	• Communicated our "Suppliers Code of Conduct" to suppliers	• Drive responsible business practices across the supply chain
Business Ethics		• GRI 205: Anti-corruption	• No known cases of non-compliance with relevant laws and regulations • No incident of whistle blowing • Half-year results (unaudited) released on 19 July 2022 and full-year results (audited) released on 12 January 2023	• Zero-tolerance on corruption and fraud • Whistle blowing procedures • Commitment to release financial results no later than 20 days from the half- year end (unaudited results) and 15 days from the financial year end (audited results) • Continuous strengthening of the enterprise risk management framework
Economic Performance		• GRI 201: Economic Performance	• Group Revenue - $75.3 million (2021: $80.0 million) • EBITDA – $5.4 million (2021: $6.1 million) • Profit attributable to the owners of the Company – $1.4 million (2021: $1.7 million) • Earnings per share – 1.23 cents (2021: 1.51 cents) • Net assets per share – 43.39 cents (2021: 42.56 cents) • Final dividend of 0.3 cents per share – totaling approximately $341K (2021: 0.3 cents) (See pages 32 to 42 of this Annual Report for further details)	• Revenue and profit growth • New business initiatives • Sustainable dividend payout • Prudent capital management

For more details on our FY 2022 performance and targets on the respective material ESG topics, please refer to Sections 3, 4, 5 and 6 of this Report.

3.0 ENVIRONMENTAL

The effects of climate change have profound implications for businesses and society. For Qian Hu, reducing the impact of climate change on our operations and remaining climate-resilient is a business imperative. We achieve our goal by following our Group environmental policy, being mindful use of resources, having a long-term plan to decarbonise, and managing key climate risks and opportunities.

An environmental policy is required for all business entities. We proactively implement and review our processes and systems to promote the sustainable use and management of resources such as energy, water, and waste. Our Singapore farm is ISO 14001 certified. We also comply with all prevailing laws and regulations in the countries where we operate. In FY 2022, there were no cases of non-compliance with relevant environmental laws and regulations.

Qian Hu's efforts to decarbonise and reduce our GHG emissions are part of our long-term plan to support the transition to a lower-carbon economy. In FY 2022, we are pleased to develop and report our Scope 1 and Scope 2 GHG emissions to measure our baseline emissions. Notwithstanding, we recognise the need to address upstream and downstream emissions in our value chain (Scope 3). In the coming years, we intend to develop our Scope 3 inventory and set GHG reduction targets to decarbonise our operations.

Climate change presents a financial risk to businesses. Consequently, there is a need to understand and manage key climate risks and opportunities. As such, we have begun adopting TCFD recommendations to enhance our disclosures in FY 2022 and beyond. Our first-year disclosure focuses on key climate-related risks (physical and transition) and opportunities that we have identified to be relevant to our three business segments: fish, accessories and plastics as shown in Table 5.

TABLE 5 – IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES

Risk Type[1]	Description of Potential Impacts	Impacts	Our Response and Opportunities
Physical (Chronic)	Higher temperatures	Increase in temperature could lead to temperature changes in both water and air. Prolonged high temperatures may decrease the availability of oxygen in the water impacting fish health and ultimately the quality of our products.	**Research and Development** We are engaged in ongoing research and development on fish breeding techniques and methods to explore the possibility of moving several of our operation facilities indoors for better control over environmental conditions and mitigate the impacts of physical risk. **Infrastructure Resilience** To complement our ongoing research and development efforts, we have also embarked on strategic reviews on key areas where we operate in that are more exposed and vulnerable to physical climate risk. Subsequently, we will establish an action plan to support climate mitigation efforts.
	Rising sea levels	Rising sea levels could lead to storm surge and other potential impacts on our infrastructure near to coastal areas which are at greater risk. This could result in damage to our infrastructure and livestock and pose disruptions to our business activities and supply chains. In severe cases, it may lead to asset impairment.	
Physical (Acute)	Increase in extreme weather events	Increase frequency and intensity of extreme weather events, such as typhoons, could cause disruption to our infrastructure and impact the livestock held indirectly. This could result in higher capital investments for repair works and/or the need to equip with more climate-resilient infrastructure. Furthermore, it could lead to supply chain disruptions (e.g., transportation delays) which will impact our import and export business.	

TABLE 5 – IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES (continued)

Risk Type[1]	Description of Potential Impacts	Impacts	Our Response and Opportunities
Transition	Regulation and litigation	Regulators at different jurisdictions where we operate in could impose additional requirements/obligations associated with utilities (e.g., energy and water), as well as more stringent environmental policies. The monitoring of emissions and the implementation of carbon pricing policies would lead to an increase in operating expenses. Any failure to comply with the above could result in litigation risks.	**Resource Efficiency** Continuous improvisation and innovation in fish farming methods, handling and storage facilities to promote resource efficiency to attain lower carbon footprint and to reduce operating expenses in the long term. We have in place the Multi-Tier Automated Recirculation Holding Tank System which allows water to be recycled during the fish quarantine phase, contributes to significant water and energy savings. The multi-step filtration system which essentially breaks down and rapidly removes bio-load, followed by an ultraviolet steriliser to further remove waterborne pathogens eliminates the need for daily water change. **Smart Aquaculture Practices** Investments in smart aquaculture practices to mitigate biosecurity, disruptions and physical risks brought about by climate change and to promote aquaculture productivity. We have engaged in the research and development on fish breeding techniques to explore the possibility of moving several of our operation facilities indoors for better control over environmental conditions. Qian Hu has also embarked on a strategic collaboration with AquaEasy Pte Ltd which deploy artificial intelligence (AI) and Internet of Things (IoT)-based solutions into fish/shrimp farming. The cloud-based solution is able to monitor several aspects of our ponds, including dissolved oxygen levels, water pH, and animal behaviour patterns which enable us to increase our productivity and predictivity while minimising our cost and exposure to climate-related risks. **Green Financing** Explore green financing opportunities to finance and drive sustainability-related initiatives and while potentially reducing cost of borrowing.
	Market	Shifting customer preferences for more sustainable products (e.g., more eco-friendly plastics) may present a challenge if we are unable to meet their requirements.	
	Technology	In the transition to a lower-carbon economy, new technologies may need to be adopted to enhance resource efficiency throughout our operations. These include, but are not limited to, new skills and methods of fish or shrimp farming (e.g., real time digital monitoring) and the manufacturing of plastic products and aquarium tanks. The inability to keep up with new technology could lead to inadequacy and/or a loss of competitive advantage. In addition, we may need to gradually phase out older existing equipment in order to stay relevant.	

[1] Physical risks refer to acute or chronic risks related to the physical impacts of climate change and transition risks refer to risks related to the transition to a lower-carbon economy

Sustainability Report (Cont'd)

3.1 CLIMATE CHANGE

3.1.1 Energy and Emissions

Reducing GHG emissions is necessary for us to transit to a lower-carbon economy and Qian Hu has much to contribute to this global agenda. To track our emissions and measure our baseline emissions, we started reporting our Scope 1 and Scope 2 GHG emissions in FY 2022. This allows us to develop appropriate strategies going forward to reduce our operational carbon footprint. In the coming years, we plan to develop our Scope 3 emission inventory to address our upstream and downstream emissions.

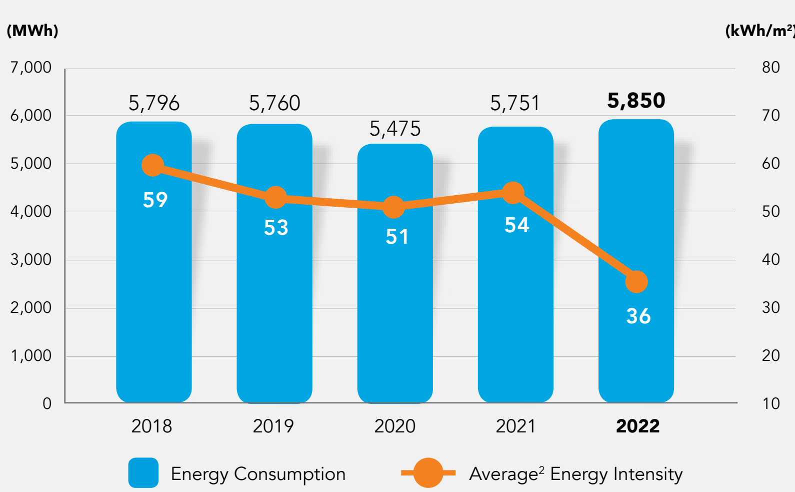
The below highlights our group-wide energy consumption and intersity; and GHG emissions figures. For FY 2022, our energy consumption stood at 5,850 MWh and our combined Scope 1 and Scope 2 GHG emissions stood at 3,549 tonnes of CO_2e. Compared to FY 2021, we saw an increase of 1.7% in our energy consumption due to an increase in our business activities, while the Scope 1 and Scope 2 GHG emissions represented an increase of 1.4%. We will continue our efforts to improve energy use and efficiency across all our business segments to reduce our energy consumption effectively.

Scope 2 emissions from purchased electricity are the most significant contributor to Qian Hu's carbon footprint (Scope 1 and Scope 2) in our business operations in FY 2022. In response, we are taking proactive steps to reduce our carbon footprint, including implementing measures to reduce our energy usage and considering deploying renewable energy where operationally feasible.

CASE STUDY:

To supply energy for the tropical fish room operations during the winter months and reduce the use of electricity, one of our subsidiaries in China installed solar panels made up of 1,200 pieces of solar tubes. We have managed to reduce the energy intensity of this China subsidiary over the past few years.

ENERGY CONSUMPTION AND INTENSITY

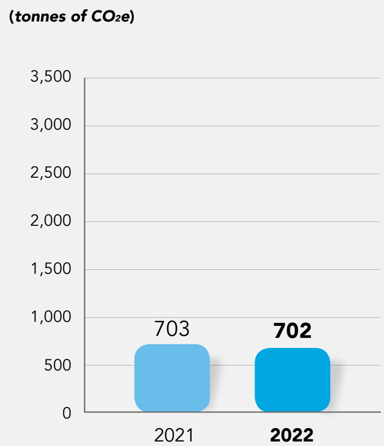


Total Energy Consumption
5,850 (MWh)
5,751 (MWh) in 2021

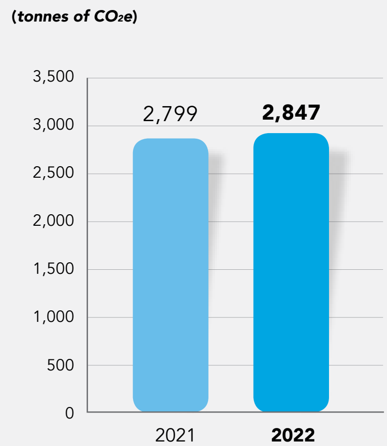
Average Energy Intensity
36 (kWh/m²)
54 (kWh/m²) in 2021

[2] The average energy intensity (kWh/m²) is calculated using Total Energy Consumption/Total Gross Floor Area

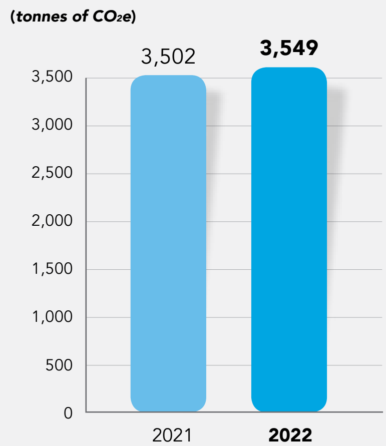
GHG EMISSIONS (SCOPE 1)



GHG EMISSIONS (SCOPE 2)



GHG EMISSIONS (SCOPE 1 & SCOPE 2)



Methodology for Scope 1 and Scope 2 GHG Emissions

Qian Hu has started developing and reporting its Scope 1 and Scope 2 GHG emissions data in FY 2022 to measure our baseline emissions. Hence, data up to FY 2021 was collected for estimating our baseline emissions for future target setting purposes. FY 2020 is deemed to be unsuitable as they may be non-standard numbers due to the pandemic.

Qian Hu's Scope 1 and Scope 2 GHG emissions was prepared based on the Greenhouse Gas Protocol which is an internationally recognised GHG accounting standard.

- Scope 1 consists of emissions from fuel combustion (stationary and mobile) including Qian Hu's vehicle fleet, fuel for generators and cooking gas. The emission factors used were taken from the UK Department for Environment, Food and Rural Affairs (DEFRA) environmental reporting guidelines.

- Scope 2 (location-based) consists of emissions from purchased electricity as a result of Qian Hu's operations. For entities in Singapore, the emission factor for electricity generation was obtained from the Energy Market Authority (EMA) for 2021. For entities in Malaysia, China, Thailand and Indonesia, the emission factors were obtained from the International Energy Agency (IEA)'s database of Emission Factors 2022.

Sustainability Report (Cont'd)

3.1.2 Water Management

Qian Hu recognises that water is a limited natural resource and needs to be consumed responsibly. As part of our successful water management strategy, we have been innovating and finding ways to conserve and recycle water. A robust water management programme is central to Qian Hu's fish business segment. Poor management of water can affect the health and growth of the fish. Furthermore, implications from climate change, including periods of drought or low precipitation, can exacerbate the situation and pose risks to our business operations.

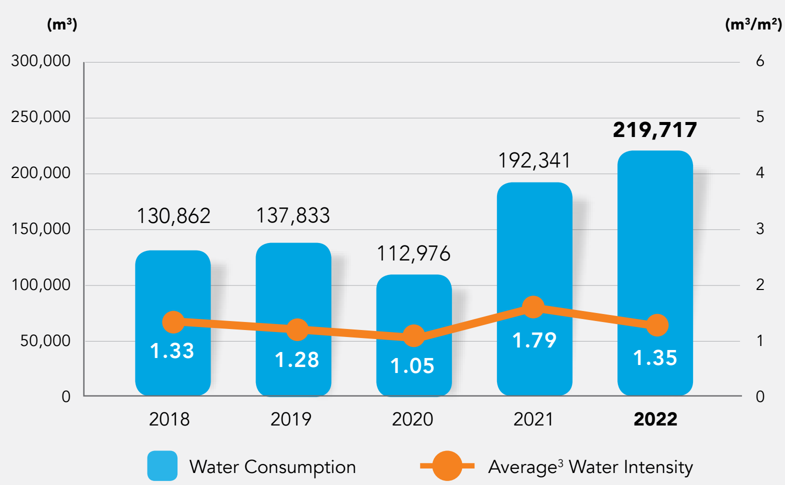
One of our long-term objectives is to run a closed-loop integrated water recycling system to recycle all the water utilised in our operations. To achieve this, we have in place a Multi-Tier Automated Recirculation Holding Tank System, which enables water used in our operations to be recycled, so as to reduce the amount of freshwater consumed.

As part of our water management strategy, we constantly examine ways to retain water secure from natural sources (e.g., rainwater) to reduce the need for further water extraction. For example, we have a water storage facility at our aquaculture farm located in a typhoon-prone area in Hainan, China. In the event of the disruption of water supply from the sea, due to pipe ruptures caused by a typhoon, the water storage facility could act as a backup source, effectively enabling us to mitigate water shortages so as to ensure business continuity.

We also monitor the water quality and manage effluents from our fish and aquaculture operations as failure to do so could result in environmental degradation, poor animal health and ultimately, financial impacts and reputational damage for Qian Hu. Such monitoring process is integral and fundamental to our water management strategy, and that we have a robust water quality testing regime in place, including the engaging of a third-party organisation to conduct annual testing of water samples in our Singapore farm. Water quality is tested for parameters such as biochemical oxygen demand, chemical oxygen demand, total suspended solids to ensure that they are within acceptable limits.

The below highlights our group-wide water consumption and intensity. In FY 2022, our total water consumption was 219,717 m^3 and the water use intensity was 1.35 m^3/m^2. Our water usage has increased in tandem with the increase in commercial operations. We will continue to focus on improving our water management process. Currently, our water consumption data presented only consists of utility and well water. However, we are in the process of better understanding methods to accurately measure our water extraction amount from other natural resources. We, nevertheless, abide by all prevailing laws and regulations before extracting water from natural sources.

WATER CONSUMPTION AND INTENSITY



Total Water Consumption

219,717 (m^3)

192,341 (m^3) in 2021

Average Water Intensity

1.35 (m^3/m^2)

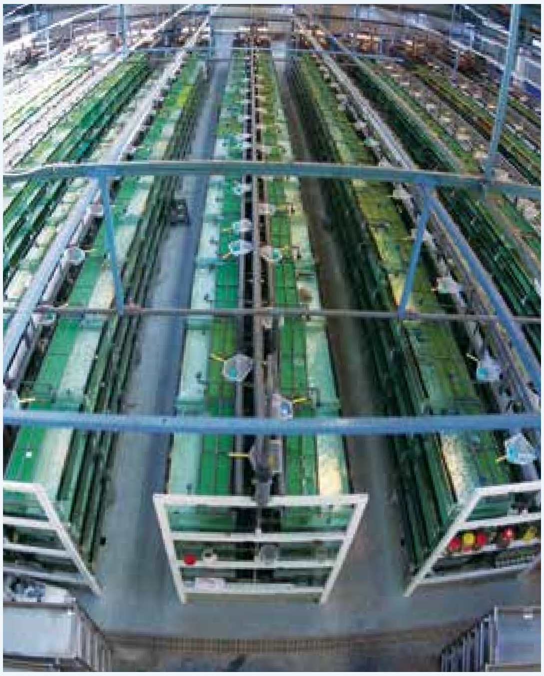
1.79 (m^3/m^2) in 2021

[3] The average water intensity (m^3/m^2) is calculated using Total Water Consumption divided by Total Gross Floor Area

CASE STUDY:

We have since put in place the Multi-Tier Automated Recirculation Holding Tank System to reduce water consumption in Singapore, China, Indonesia and Thailand through the recycling of water during the fish quarantine process. This multi-step filtration device essentially breaks down and rapidly removes bio-load, followed by an ultraviolet steriliser to further remove waterborne pathogens which eliminates the need to change water daily to reduce ammonia build-up in the tanks, and recycles water whilst maintaining the health of our fish – hence, balancing our environmentally sustainable practices with our business objectives of supplying good-quality fish for sale and distribution.

In addition, we have installed a water storage treatment system for the water storage tanks in Singapore which uses a bacterial nitrification process to reduce the water ammonia and nitrate levels, while increasing dissolved oxygen to improve water quality. With this, we can enjoy more efficient use of stored water at our local facility and are able to reuse water after it has been treated, so as to reduce our water usage.



3.1.3 Waste Management

The extensive use of packing items to import and export our products and services results in unavoidable generation of general and packaging waste (e.g., carton, plastic bags and/or styrofoam boxes). At Qian Hu, we practice the responsible use of materials and strive to reduce waste through material recycling and reuse as much as possible to address waste management and ensure environmental preservation and, ultimately, lower packaging costs.

We have a waste management programme to drive recycling and reuse initiatives whereby we reuse and recycle cartons, plastic bags and styrofoam boxes from our suppliers. As we generate mostly packaging waste such as cartons, plastic bags and styrofoam boxes which will be reused and recycled in most cases, we have assessed general waste to be immaterial to our business operations. Therefore, we have not disclosed these amounts in this report.

For Qian Hu Tat Leng Plastic Pte Ltd, our subsidiary dealing in the production of high-density and low-density polyethylene bags for commercial and industrial use, we gather cut-out plastic waste and send to a third party for recycling. The recovered plastic resins are then added back to the manufacturing mix. Consequently, we are able to reduce the amount of plastic waste generated. In FY 2022, 116 tonnes of plastic waste[4] were recycled by this subsidiary, as compared to 112 tonnes in FY 2021. For the other entities, 35 tonnes of aluminium, carton, plastic, styrofoam and glass waste[5] were also recycled in FY 2022 as compared to 54 tonnes in FY 2021.

[4] Plastic waste refers to those generated and recycled by Qian Hu Tat Leng Plastic Pte. Ltd.. Past five years data are as follows: FY 2021: 112 tonnes, FY 2020: 140 tonnes, FY 2019: 138 tonnes, FY 2018: 145 tonnes

[5] This excludes plastic waste from Qian Hu Tat Leng Plastic Pte. Ltd. and data from Indonesia and Thailand operations

Sustainability Report (Cont'd)

3.2 ANIMAL WELFARE

Qian Hu deals with livestock and we have a responsibility to consider animal welfare, including the treatment that an animal receives, which is enclosed in terms such as animal care, animal husbandry and humane treatment. The irresponsible treatment and handling of fish could lead to poor health, an outbreak of diseases and high mortality rates. As a leading integrated fish provider, we consider animal welfare a key component of providing high-quality fish to satisfy our customers' needs.

We have put in place established fish quarantine procedures to minimise the spread of diseases to ensure good animal welfare. Our Multi-Tier Automated Recirculation Holding Tank System is able to break down and remove bio-load rapidly and uses an ultraviolet steriliser to further remove waterborne pathogens which helps to maintain the health of our fish. In addition, we conduct daily water testing with reference to parameters (such as pH levels, temperature, ammonia, nitrates, and alkalinity) and practice the responsible use of approved antibiotics on ornamental fish. Our research and development team identifies fish infected by parasites and introduces appropriate treatment methods.

The success of the above is only possible with employees receiving the appropriate training in fish-handling. Employees who need to handle livestock are required to attend the relevant training to understand and be familiarised with the procedures used in the handling of the different fish species.

In FY 2022, our average monthly in-house fish loss rate was 7%.

CASE STUDY:

To monitor the health conditions of the shrimp inside the ponds, traditional shrimp farming mainly relies on the farmers and technicians' intuition and expertise. Since the water quality is crucial to shrimp farming, the traditional approach frequently increases the chance of the spread of diseases when bacteria in the water were undetected.

To address this, Qian Hu has partnered with AquaEasy Pte Ltd, an aquaculture solutions provider, to deploy artificial intelligence (AI) and Internet of Things (IoT)-based solutions into shrimp farming by using a smart sensor to keep track of several aspects of our pond conditions, including dissolved oxygen levels, water pH, and animal behaviour patterns. The real-time information obtain from the sensor reading has allowed us to always maintain the best possible pond conditions for the shrimp, hence, helps in enhancing productivity, predictivity and the implementation of sustainable aquaculture practices while reducing risks and costs.

In addition, the solution is also specifically made to "listen" to the shrimp's behaviour, monitor their degree of hunger, set the appropriate feeding times, and administer an optimal amount of feed.

3.3 BIODIVERSITY

As a leading integrated fish provider that exports and sells in more than 80 countries worldwide, we are conscious of the impact our business activities may have on the surrounding ecosystems and habitats. We, therefore, strive to minimise any significant impacts on biodiversity in our operations.

A major concern in this regard is the accidental release of non-native species of animals into the local ecosystems and habitats. As introducing invasive fish species can negatively impact local ecosystems and habitats, we have strict protocols in place to minimise any accidental release of fish and other aquatic animals from our farms. For example, in the event of storms and floods, the design of our fish farm and breeding ponds in Singapore ensure that any accidental escape of fish species is caught in our sedimentation ponds, which act as a barrier and prevent the non-native species from escaping directly into local habitats.

We also adhere to CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) which regulates the international trade of wild animals and plants and ensures that our business does not threaten the species' survival.

In FY 2022, to the best of our knowledge, there were no reported incidents of significant impacts on biodiversity in the areas where we operate.

Sustainability Report (Cont'd)

4.0 SOCIAL

4.1 DIVERSITY AND EQUALITY

At Qian Hu, our employees and people are the key to our success, and we hold the "People First" principle in the highest regard. We define diversity and equality as having equal access to development opportunities and employment benefits, regardless of age, gender, ethnicity, religion, sexual orientation, disability, political affiliation and any other non-work-related personal attributes. As a testament to this, two out of five (40%) of the Board members are females and three out of five (60%) of the Board members are independent Board directors. Across the Group, we have 36% and 64% of female and male employees, respectively, and over 18% of our employees are above 50. We recognise the experience and talents that older workers bring, and we encourage employees to work beyond the retirement age of 63, should health and job requirements permit.

We want our employees to thrive at Qian Hu and strive to promote an inclusive workplace for all based on merit and ability. To promote employee well-being, we provide attractive employee benefits to all our employees (full-time and part-time). We practice fair and inclusive hiring processes and are guided by the Tripartite Guidelines on Fair Employment Practices (TGFEP) provided by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), established by the Ministry of Manpower, the Singapore National Employers Federation and the National Trades Union Congress. We are pleased to share that our Employee Satisfaction Index score stood at 4.6 (out of 6) for FY 2022. Recognising that there is a slight decline compared to 4.71 in FY 2021, we will continue exploring different avenues to enhance workplace practices for all.

In addition, Qian Hu is committed to protecting the principles of human rights, including those pertaining to child labour, forced labour and human trafficking on an international level. We abide by the Singapore Prevention of Human Trafficking Act 2014 (Chapter 45) and other relevant laws and regulations in countries where we conduct business. As we are a small-medium enterprise, our business does not involve trade unions and as such, there are no employees covered under collective bargaining agreements.

In FY 2022, there were no reported cases of discrimination or violations of human rights.

More details on the Board Diversity Policy are set out on page 85 of this Annual Report.

Our employee diversity profile across gender, age, job categories, new hires and turnover rates are highlighted below:

GENDER DIVERSITY (NEW EMPLOYEE HIRES AND TURNOVER)

Number of New Hires

Male	Female
70	41

Rate of New Hires (Denominator: Total New Employee Hires)

Male	Female
63%	37%

Rate of New Hires (Denominator: Total Employees by Gender)

Male	Female
21%	21%

Number of Employee Turnover

Male	Female
85	65

Rate of Turnover (Denominator: Total Number of Employee Turnover)

Male	Female
57%	43%

Rate of Turnover (Denominator: Total Employees by Gender)

Male	Female
26%	34%

AGE DIVERSITY (JOB CATEGORY)

	Under 30 years old	30 to 50 years old	Above 50 years old
Key Management	0	11	16
Middle Management & Executives	14	115	21
Administrative & Operational Staff	81	207	59

AGE DIVERSITY (NEW EMPLOYEE HIRES AND TURNOVER)

	Under 30 years old	30 to 50 years old	Above 50 years old
Number of New Hires	50	55	6
Rate of New Hires (Denominator: Total New Employee Hires)	45%	50%	5%
Rate of New Hires (Denominator: Total Employees by Age Group)	53%	17%	6%
Number of Employee Turnover	69	73	8
Rate of Turnover (Denominator: Total Number of Employee Turnover)	46%	49%	5%
Rate of Turnover (Denominator: Total Employees by Age Group)	73%	22%	8%

Sustainability Report (Cont'd)

EMPLOYEE PROFILES

	SINGAPORE			MALAYSIA			THAILAND			INDONESIA			CHINA			TOTAL		
EMPLOYEE PROFILE	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**	**2022**	**2021**	**2020**
Total Employees (Number)	**188**	**190**	**183**	**74**	**86**	**99**	**94**	**92**	**88**	**31**	**32**	**29**	**137**	**163**	**148**	**524**	**563**	**547**
Employees by Gender (Number)																		
Male	129	129	121	47	54	66	68	66	59	24	25	24	65	73	63	333	347	333
Female	59	61	62	27	32	33	26	26	29	7	7	5	72	90	85	191	216	214
Employees by Age Group (Number)																		
Under 30 years old	19	22	26	17	27	33	28	25	27	12	12	12	19	38	28	95	124	126
30 to 50 years old	98	105	105	43	38	55	64	45	59	17	18	15	111	118	115	333	324	349
Over 50 years old	71	63	52	14	21	11	2	22	2	2	2	2	7	7	5	96	115	72
Employees by Employee Category (Number)																		
Key management	19	19	18	2	2	2	3	3	3	2	2	2	1	1	1	27	27	26
Middle management and Executives	47	47	45	33	22	26	42	26	23	1	5	5	27	25	23	150	125	122
Admin & Operational staff	122	124	120	39	62	71	49	63	62	28	25	22	109	137	124	347	411	399
Employees by Employment Contract (Number)																		
Permanent	188	190	183	74	86	99	94	92	88	31	32	29	137	163	146	524	563	545
- Full time	185	187	181	74	82	94	94	92	88	30	31	27	137	163	146	520	555	536
- Part time	3	3	2	0	4	5	0	0	0	1	1	2	0	0	0	4	8	9
Temporary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	2
Employees by Length of Service (Number)																		
Less than 5 years	68	64	52	39	46	57	24	25	18	14	16	14	66	106	96	211	257	237
5 to 10 years	34	44	48	15	21	27	36	34	36	9	8	15	27	23	20	121	130	146
Over 10 years	86	82	83	20	19	15	34	33	34	8	8	0	44	34	32	192	176	164
New Hires																		
Total new hires (number)	44	50	26	16	20	29	6	18	4	1	5	2	44	101	34	111	194	95
New Hires by Gender (Number)																		
Male	22	38	14	12	14	23	6	16	3	1	2	2	29	77	19	70	147	61
Female	22	12	12	4	6	6	0	2	1	0	3	0	15	24	15	41	47	34
New Hires by Age Group (Number)																		
Under 30 years old	15	11	14	8	10	11	6	16	1	1	4	2	20	50	16	50	91	44
30 to 50 years old	24	25	11	7	9	16	0	2	3	0	1	0	24	51	18	55	88	48
Over 50 years old	5	14	1	1	1	2	0	0	0	0	0	0	0	0	0	6	15	3
Turnover																		
Total turnover (number)	46	43	33	28	33	37	4	14	24	2	2	3	70	86	46	150	178	143
Average monthly turnover rate (%)	2.0	1.9	1.5	3.2	3.2	3.1	0.4	1.3	2.3	0.5	0.5	0.9	4.3	4.4	2.6	2.4	2.6	2.2
Turnover by Gender (Number)																		
Male	23	31	23	19	26	30	4	9	22	2	1	3	37	67	26	85	134	104
Female	23	12	10	9	7	7	0	5	2	0	1	0	33	19	20	65	44	39
Turnover by Age Group (Number)																		
Under 30 years old	15	12	9	10	22	13	3	9	14	0	2	0	41	46	19	69	91	55
30 to 50 years old	25	24	21	17	9	22	1	5	10	2	0	3	28	40	25	73	78	81
Over 50 years old	6	7	3	1	2	2	0	0	0	0	0	0	1	0	2	8	9	7

4.2 TRAINING AND DEVELOPMENT

The Group aims to be well-positioned to fulfil its business objectives and move towards long-term sustainable growth. To accomplish this, we continuously identify and groom talent in our niche sector by training and broadening the skillsets of our employees through our learning and development programmes and offering management trainee programmes.

4.2.1 Upskilling

The Covid-19 pandemic has taught us to prepare our employees to take on roles that may be outside of their primary job duties or require the use of new technology as a result of digitalisation. At Qian Hu, we support and provide opportunities for our employees to gain knowledge and skills through external courses. This is in addition to on-the-job training and upgrading of pertinent skills. All training processes are closely monitored and tracked by line managers and the human resource department to ensure that our employees' learning and development needs are adequately met.

In FY 2022, Qian Hu recorded an average of 10.4 training[6] hours per employee, below our target for an average of 16 training hours per employee per year. The average training hours per employee in FY 2021 was higher compared to FY 2022 as we stepped up training programmes to reskill and upskill employees to cope with the impacts of COVID-19. We have also recorded 14.2 and 8.2 average training hours for female and male employees, respectively.

4.2.2 Succession Planning

Succession planning is critical to the success of our business, considering the limited talent pool in this niche sector. Successfully, we implemented a structured succession programme over the last 16 years to prepare a team of executives to lead the Group into the future. The programme includes a rigorous leadership grooming process that involved job portfolio rotation and performance review in demanding business situations.

[6] The training figures in this section includes on-the-job training

4.3 HEALTH AND SAFETY

As Qian Hu exports and sells more than 3,000 types of fish, aquariums, pet accessories and products, any disregard for health and safety aspects can have detrimental effects on the company's reputation and the well-being of our employees, customers and animals under our care. We adhere to all relevant laws and regulations and ensure that our products are compliant and safe for use. The nature of our operating environment also requires us to pay utmost attention to the health and safety of our employees, both mental and physical.

4.3.1 Employee Health and Safety

One of Qian Hu's key priorities is centred on the health and safety of our employees. Minimising the incidence of work-related injury and illness and promoting a safe and healthy work environment leads to positive workplace morale, overall well-being of our employees and ultimately to higher quality products and services. We have set up a Health and Safety Committee with joint management-worker representation which ensures a collaborative approach in identifying, monitoring, and reviewing health and safety practices and procedures. The committee identifies and ranks safety hazards and addresses them according to their order of importance. An annual review meeting is held to ensure that all issues are rectified and that the Group remains in compliance with all prevailing standards, laws and regulations, including the adherence to reporting protocols for all work-related injuries.

In addition, all our employees undergo workplace health and safety training such as fire safety hazard processes and basic first aid safety. External consultants are invited to conduct training in introductory first aid and in the use of the automated external defibrillator ("AED") machine at our Singapore farm. This enables our employees to be operationally prepared to provide medical aid in the event of medical emergencies. We also conduct regular fire drills and evacuation exercises in accordance with ISO 14001:2015 standards.

In FY 2022, there were no fatalities and reportable workplace accidents.

Employees' well-being is also a key component of our management ethos. We organised complimentary health screening programme and wellness talks for our employees during the year. Recreational activities, such as monthly employee birthday celebrations, were organised to foster interaction and bonding outside of work.

4.3.2 Customer Health and Safety

Qian Hu advocates the highest levels of customer health and safety as disregard for health and safety regulations will have far-reaching consequence, not only to the well-being of our customers and the community at large, but also to our brand equity. This in turn will have a bearing on our financial performance and may have legal and other consequences.

Qian Hu adheres to all relevant laws and regulations in the countries where the various products are sold. We do not sell, use, provide, or interact in any way with banned or disputed products. Our products, such as aquarium and pet accessories, are manufactured in accordance with HACCP (Hazard Analysis Critical Control Point) and GMP (Good Manufacturing Practice) standards and they are compliant to best practices such as MSDS (Material Safety Data Sheets). Our pet food, fish medication and fish feeds come with confirmed ingredient analyses that consider both nutritional content and composition.

In addition, Qian Hu endeavours to provide accurate, adequate and transparent information about our products through responsible labelling and packing information which helps consumers to make more informed choices. We are constantly looking for ways to further improve the information on our labelling so as to enable our customers to make the best choices for their pets and for the environment.

We also adhere to the principles of responsible marketing and communications which effectively and accurately represent our brands. In Singapore, our marketing collaterals are in compliance with the Singapore Code of Advertising Practice (SCAP), governed by the Advertising Standards Authority of Singapore, which is an advisory council to the Consumers Association of Singapore. Additionally, we assess our products for health and safety impacts through quality checks and supplier labels.

In FY 2022, to the best of our knowledge, there were no incidents of non-compliance with regulations and voluntary codes concerning products and service information and labelling by type of outcomes. There were also no breaches of guidelines or regulations in relation to advertising or marketing, nor any incidence of false advertising or inaccurate or misleading representations of our Group, its products and services.

4.4 CUSTOMER SATISFACTION

4.4.1 Customer Service

We provide our customers with high-quality goods, dependable service and attentive after-sales support. With a customer base spanning more than 80 different countries, logistical concerns such as airplane accessibility and connectivity are crucial to timely delivery and low Dead-on-Arrival (DOA) rates for fish export.

Qian Hu works hard to maintain a high degree of efficiency in the delivery of our products in the event of disruptions since we have a sizable distribution network. In addition, we continue to strengthen domestic networks inside each of our export hubs.

Using a variety of channels, including trade events, exhibitions, social media platforms, feedback channels and direct inquiry platforms, we interact with our consumers and gather feedback from them to improve our products and services. We also carry out routine customer visits and keep lines of contact open via virtual or in-person meetings, phone conversations and emails.

We based on an annual Customer Satisfaction Survey Questionnaire completed annually by key customers from our Singapore operations to track and measure our customers' level of engagement with us. We are pleased to share that our Customer Satisfaction Index score stood at 4.17 (out of 5) in FY 2022, an improvement from 4.05 registered in FY 2021.

Additionally, the DOA rate for fish export recorded was approximately 3% for FY 2022, which is within our commitment of not more than 3%.

4.4.2 Data Protection

We take the security of our customers' data and privacy seriously and conduct our business in strict compliance with the Personal Data Protection Act 2012. Our Personal Data Protection Policy, applicable to the Group, sets out our approach to managing and safeguarding personal data and is publicly accessible on our corporate website. In addition, employees are bounded by Qian Hu's Code of Conduct and Business Ethics, which holds a strict view of any breach of customer confidentiality.

While it is inevitable that we require the collection of personal information while offering our products and services and after-sales support, we do not, without the customers' approval, sell, rent, give away, swap, or otherwise make this information available to other parties for commercial or other purposes.

In FY 2022, there were no violations of the Personal Data Protection Act 2012 or any non-compliance with our Personal Data Protection Policy.

Sustainability Report (Cont'd)

4.5 INNOVATION

Innovation continues to be at the heart of what we do at Qian Hu. We constantly consider our customers' changing needs and are driven by our ingenuity to maintain our leadership in our industry. We do so by innovating in our product segments. We also welcome new ideas, feedback and comments to ensure that our products and services are aligned with the current and future needs of our customers.

We are pleased to report the following new product launched in FY 2022:

Aquarium Accessories

- OF Advance Vitamin Complex
- OF Joyful Stylish home fish tank Series
- OF Special Arowana PLUS Water Conditioner
- OF Kirameki Competition Grade Series
- OF Kirameki Super Premium Series
- OF Qian Hu Probiotic 1/2/3
- OF Qian Hu Probiotic Tropical Fish 1/2
- OF 3DM PH+ Beads
- Aquazonic Evo Slim Miracle LED
- Aquazonic Little Giant Amphibious Water Pump
- Aquazonic EVO Slim Miracle LED
- Ocean Free Tropical Fish Feed (Channa Snakehead Growth and Enhancement)

Aquaculture Products

- Aqua Salt 25kg

Pet Accessories

- Aristocats Ocean Fish Cat Kibbles (10kg and 2kg New Packaging)
- Aristocats Chicken Cat Kibbles (10kg and 2kg New Packaging)
- Aristocats Tuna & Chicken Cat Kibbles (10kg and 2kg New Packaging)
- Bark Lamb & Rice Dog Kibbles (15kg and 2kg New Packaging)
- Bark Fish & Rice Dog Kibbles (15kg and 2kg New Packaging)
- Bark Hi-Protein Dog Kibbles (15kg New Packaging)
- Platinum Choice 7L Tofu Cat Litter
- Platinum Choice Dog Food, 5 flavours, 125g per can

We have collaborated with the National University of Singapore (NUS) on gene-editing and explored the feasibility of identifying and isolating the gene responsible for bioluminescence in ornamental fish. The research will have positive benefits on our ornamental fish business segment as we will be able to produce more fluorescent fish to satisfy our customer's demand in the future.

Past Success

We have been innovating products for a considerable number of years. Some of our notable past successes include:

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

4.6 SUPPLY CHAIN MANAGEMENT

Our suppliers are key to our long-term growth and sustainability. In the current political and economic climate, we need to maintain a reliable and sustainable supply chain. This ensures that we minimise any potential disruptions to our business operations and continue to provide our customers with high quality products and reliable service levels.

As part of our supplier partnership programmes, we regularly engage our suppliers using a hybrid approach through a variety of channels. These engagement sessions with our suppliers are an essential way for us to gather feedback from them, exchange ideas and formulate concrete action plans to meet our shared objectives. To strengthen our working relationships, we visit certain of our major suppliers annually. The visits focus on verifying the sources for ornamental fish and accessories products, gathering feedback on quality challenges and discussing any other issues that our suppliers may face. We also meet our suppliers through trade events, such as the AQUARAMA International Ornamental Fish and Accessories Exhibition in Singapore and/or large overseas trade shows. Having strong working relationships with our suppliers can deliver cost savings and minimise any quality issues and thus, providing better service for our customers.

Our suppliers are carefully selected based on track record and endorsed by way of our Approved Vendor List. They are chosen for their ability to complement and enhance our commitment towards providing high quality products and excellent service standards that meet the Group's standards. At the start of our partnership, we communicate to them our Suppliers' Code of Conduct, commitments and expectations on environmental standards and fair social practices. They are required to comply with all applicable laws and regulations.

Looking ahead, we work to instil higher standards constantly and incrementally throughout our entire supply chain which will ultimately lead to a higher level of quality and standard of products and services for Qian Hu.

Sustainability Report (Cont'd)

4.7 COMMUNITY ENGAGEMENT

Qian Hu continues to contribute meaningfully to the communities and environment where we operate in. This is a goal centred in our Community Involvement Policy of "Charity, Community and Commitment". It resonates deeply with our belief in giving back to our communities and fortifying the social fabric of our workforce.

4.7.1 Giving Back to the Community

We encourage our employees to actively participate in community activities and donate to selected charities, as keeping our people engaged in the community is a key driver of our employee engagement. We recognise our employees possess the skills, talents and resources for enablement of vulnerable segments in the community. It contributes to character-building and enables them to develop soft skills such as empathy.

Our commitment to business serving society supports positive impact for vulnerable segments of the community and facilitates donations to them. Since FY 2001, Qian Hu has a dollar-for-dollar donation programme – it matches every dollar that employees donate and these are donated to specific charities. In FY 2022, our Singapore-based employees visited MWS Nursing Home in May 2022 and Ren Ci Nursing Home in November 2022 and made monetary donations. Likewise, our Guangzhou employees also visited a nursing home and provided blankets and thermos flask donations. Through these donations, we hope that the seniors will be well-supported and comfortable where they stay.

We were also keenly aware of COVID-19's impacts on communities in China. Understanding the need for collaborative efforts to mitigate the effects of the pandemic, some of our employees in Guangzhou were mobilised to assist in a control centre for COVID-19.

4.7.2 Contributing to the Business Community

As a leader in the ornamental fish distribution business and related industries, we have much to contribute to the broader fish industry ecosystem and professional bodies. Our CEO, Mr Yap Kok Cheng, is a member of the Animal and Veterinary Services' Ornamental Fish Business Cluster and a committee member of the Kranji Countryside Association. Our Finance Director, Ms Lai Chin Yee, is a Board member of the Accounting and Corporate Regulatory Authority (ACRA) and a Council Member of the Institute of Singapore Chartered Accountants (ISCA). Through our experiences and learnings, we can help improve business and operational practices and raise performance standards in our industry.

Our senior management team members are also actively engaged in various committees, and in sharing with others our business excellence journey. They play an active role in connecting with the broader industry ecosystem to share knowledge, network contacts, resources and best practices.

5.0 GOVERNANCE

5.1 BUSINESS ETHICS

We uphold the highest ethical standards and conduct our business in compliance with all applicable laws and regulations. Accordingly, we adopt a zero-tolerance policy towards any form of bribery, corruption, anti-trust behaviour, slavery and violation of human rights. We will not hesitate to take all necessary action against such acts.

Any unethical or unlawful behaviour can have a far-reaching impact on our Group, both in terms of financial and legal consequences and brand reputation. As such, all Qian Hu employees are required to adhere strictly to our Code of Conduct and Business Ethics which outlines our stance. Disciplinary action will be enforced in the event of violations of this code. All employees are taken through the Code of Conduct and Business Ethics during the employment orientation and induction sessions.

We also communicate our anti-corruption policies to all our suppliers, sub-contractors and other business partners at the outset of our working relationship. Furthermore, our Finance Department strictly monitors and prevents irregular forms of payments or receipts by implementing appropriate controls and procedures.

To report suspected fraudulent acts or non-compliance confidentially and without any fear of reprisals, we have established a whistle-blowing mechanism for employees and other stakeholders (suppliers, sub-contractors and other business partners). Such reports will be made directly to the Chairman of the Remuneration Committee. The Audit & Risk Management Committee reviews all whistle blowing complaints at its meetings, ensuring that any investigation and appropriate follow-up actions are taken. In instances of serious offences and criminal activities, the Audit & Risk Management Committee and the Board have access to the appropriate external advisors and where necessary, a formal report with the relevant government or regulatory authority will be filed.

In FY 2022, there were no known corruption incidents and reports of non-compliance with applicable environmental and socioeconomic laws and regulations.

For Qian Hu's corporate governance structures and practices for FY 2022, with reference to the principles and provisions of the revised Code of Corporate Governance and the accompanying Practice Guidance, please refer to pages 78 to 104 of this Annual Report.

6.0 ECONOMIC PERFORMANCE

Qian Hu's daily mindset and actions are centred around economic performance and, therefore, on creating sustainable added value for all stakeholder groups. All our internal and external stakeholders expect Qian Hu to deliver on financial performance, as well as our value-added contribution to the societies and communities we operate in.

The below summarised our contributions to employees, government, providers of capital, profits retained for re-investment and future growth; and non-production costs and income.

SUMMARY OF VALUE-ADDED STATEMENTS

($'000)	2022	2021	2020	2019	2018
Gross value-added from operations	17,077	19,019	19,144	16,464	17,810
Total value-added available for distribution	21,176	23,051	19,842	20,056	19,091
Distribution of Group's value-added:					
To employees	15,728	15,469	13,246	14,871	14,974
To government	385	431	309	244	500
To providers of capital	693	479	726	813	740
Retained for re-investment and future growth	4,492	5,370	2,065	3,786	2,508
Non-production costs and income	(122)	1,302	3,496	342	369
Total distribution	**21,176**	**23,051**	**19,842**	**20,056**	**19,091**

For more information on our financial performance, please refer to the "Financial Review" on pages 34 to 42 of this Annual Report.

Sustainability Report (Cont'd)

7.0 INVESTOR RELATIONS

We have always been committed to communicating our financial performance, business strategies and other relevant corporate information. We understand the importance of doing so promptly, transparently and accurately to our stakeholders and the wider investment community.

On a compliance level, we adhere strictly to the SGX-ST's Code of Corporate Governance and other prevailing laws and regulations on disclosures. Our compliance culture is founded on principles of integrity, transparency, responsiveness and respect of the spirit as well as letter of the law – evidenced by our numerous Corporate Awards and consistent top tier placings in the SGTI (Singapore Governance and Transparency Index) over the years.

Our Executive Chairman and/or CEO engages regularly with analysts and fund managers to ensure that we are abreast of their concerns and needs. Media interviews are also conducted where possible to share updates on our strategies, developments and industry insights with the broader audience to provide a profound prospective of the Group's business prospects.

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

Key components of our Investor Relations best practices include:

Financial Reporting	Annual General Meeting	Investor Relations Website & Contacts
• Release unaudited half year results and audited full year results within 20 and 15 days after the end of the financial periods respectively • Results announcements accompanied by a press release in English and Mandarin, with highlights of the results and analysis of the Group's performance • All results and material announcements publicly accessible on SGXNET	• Posts detailed minutes of the AGM on the Group's website and SGXNET within three business days of the meeting • Several channels: website, email or fax – are open to shareholders who are unable to attend the AGM or wish to provide input and feedback	• https://qianhu.listedcompany.com – updated real-time with SGX announcements, financial results, annual report and financial presentations as well as corporate governance report, investors' questions and answers (Q&A) and minutes of the AGM • Dedicated investor relations email addresses to ensure timely responses to queries, suggestions and clarifications

Financial Calendar

FY 2022	FY 2023	
12 Jan	**12 Jan**	Full-Year Results Announcement
1 Mar	**1 Mar**	Despatch of Annual Report
30 Mar	**29 Mar**	Annual General Meeting
26 Apr	**25 Apr**	Payment of dividend (Subject to Shareholders' approval at AGM)
19 Jul	**18 Jul**	Half-Year Results Announcement

8.0 GRI CONTENT INDEX

Qian Hu Corporation Limited has reported the information cited in this GRI Content Index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI Standard	Disclosure		Page Reference
GRI 2: General Disclosures 2021	2-1	Organizational details	6
	2-2	Entities included in the organization's sustainability reporting	44
	2-3	Reporting period, frequency and contact point	44
	2-4	Restatements of information	Not Applicable
	2-5	External assurance	44
	2-6	Activities, value chain and other business relationships	4-5
	2-7	Employees	62-64
	2-8	Workers who are not employees	Not Applicable
	2-9	Governance structure and composition	47
	2-10	Nomination and selection of the highest governance body	83-86, 87-88
	2-11	Chair of the highest governance body	47, 86
	2-12	Role of the highest governance body in overseeing the management of impacts	47
	2-13	Delegation of responsibility for managing impacts	47
	2-14	Role of the highest governance body in sustainability reporting	47
	2-15	Conflicts of interest	80
	2-16	Communication of critical concerns	No critical concerns raised during the reporting period
	2-17	Collective knowledge of the highest governance body	The Board of Directors have attended the sustainability training courses for Directors prescribed by SGX; Corporate Governance Report (Seminars and Trainings Attended by Directors in FY 2022)
	2-18	Evaluation of the performance of the highest governance body	47
	2-19	Remuneration policies	90-93
	2-20	Process to determine remuneration	90
	2-21	Annual total compensation ratio	161-163
	2-22	Statement on sustainable development strategy	45, 47-50
	2-23	Policy commitments	52-53, 62, 69, 71
	2-24	Embedding policy commitments	52-53, 62, 69, 71
	2-25	Processes to remediate negative impacts	71
	2-26	Mechanisms for seeking advice and raising concerns	71
	2-27	Compliance with laws and regulations	71
	2-28	Membership associations	70
	2-29	Approach to stakeholder engagement	51
	2-30	Collective bargaining agreements	62
GRI 3: Material Topics	3-1	Process to determine material topics	48-49
	3-2	List of material topics	49-50
Economic Performance			
GRI 3: Material Topics	3-3	Management of material topics	71
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	71

Sustainability Report (Cont'd)

8.0 GRI CONTENT INDEX (continued)

GRI Standard	Disclosure		Page Reference
Business Ethics			
GRI 3: Material Topics	3-3	Management of material topics	71
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	71
	205-3	Confirmed incidents of corruption and actions taken	71
Biodiversity			
GRI 3: Material Topics	3-3	Management of material topics	61
GRI 304: Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	61
Animal Welfare			
GRI 3: Material Topics	3-3	Management of material topics	60
GRI 13: Agriculture Aquaculture and Fishing Sectors 2022	13.11.1	Animal Health and Welfare	60
Climate Change (Energy and Emissions)			
GRI 3: Material Topics	3-3	Management of material topics	56-57
GRI 302: Energy	302-1	Energy consumption within the organisation	56
	302-3	Energy intensity	56
	302-4	Reduction of energy consumption	56
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	56-57
	305-2	Energy indirect (Scope 2) GHG emissions	56-57
Climate Change (Water Management)			
GRI 3: Material Topics	3-3	Management of material topics	58-59
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	58-59
	303-5	Water consumption	58-59
Climate Change (Waste Management)			
GRI 3: Material Topics	3-3	Management of material topics	59
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	59
	306-4	Waste diverted from disposal	59
Diversity and Equality			
GRI 3: Material Topics	3-3	Management of material topics	62
GRI 401: Employment	401-1	New employee hires and employee turnover	62-64
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	62
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	62-64
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	62
GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	62
GRI 409: Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	62

GRI Standard	Disclosure		Page Reference
Diversity and Equality			
GRI 13: Agriculture Aquaculture and Fishing Sectors 2022	13.20.1	Employment Practices	62
Training and Development			
GRI 3: Material Topics	3-3	Management of material topics	65
GRI 404: Training and Education	404-1	Average hours of training per year per employee	65
	404-2	Programs for upgrading employee skills and transition assistance programs	65
Customer Satisfaction			
GRI 3: Material Topics	3-3	Management of material topics	67
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	67
Innovation (Non-GRI Topic)			
GRI 3: Material Topics	3-3	Management of material topics	68-69
Supply Chain Management			
GRI 3: Material Topics	3-3	Management of material topics	69
Health and Safety			
GRI 3: Material Topics	3-3	Management of material topics	66-67
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	66
	403-9	Work-related injuries	66
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	66-67
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	67
GRI 417: Marketing and Labelling	417-1	Requirements for product and service information and labelling	66-67
	417-2	Incidents of non-compliance concerning product and service information and labelling	67
	417-3	Incidents of non-compliance concerning marketing communications	67
Community Engagement			
GRI 3: Material Topics	3-3	Management of material topics	70
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	70

Sustainability Report (Cont'd)

9.0 TCFD CONTENT INDEX

TCFD Pillar/Recommendation	Key Points	Page Reference
Governance		
a) Describe the board's oversight of climate-related risks and opportunities	Qian Hu has a dedicated governance framework in place to drive, govern and manage the sustainability function to ensure that core material issues are incorporated into our corporate agenda. This structure drives our priorities to protect long-term interests and create value for our stakeholders. The Board of Directors has the ultimate responsibility for the Group's sustainability strategy and maintains oversight of the Group's sustainability direction. The Board is kept apprised of sustainability programmes, activities and progress regularly, and reviews the sustainability strategy annually. The strategy is reviewed against the overall business strategy, taking into consideration prevailing trends, economic conditions and geopolitical issues which may affect the Group. Reporting to the Board of Directors, a Sustainability Committee, chaired by our Chief Executive Officer, has been set up to champion our sustainability causes, as well as to spreadhead sustainability projects and initiatives, including the setting of sustainability performance benchmarks and key performance indicators. The Sustainability Committee is supported by the Sustainability Reporting Team, which form the core of our sustainability structure, and is made up of representatives from our operating entities in Singapore, Malaysia, China, Thailand and Indonesia. The team is actively involved in driving the execution, reporting and implementation of our sustainability strategy and programmes in their respective entities. This includes collaborating on sustainability initiatives and sharing sustainability best practices across the Group, as well as overseeing the monitoring of quantitative and qualitative measurements and working closely with all the business functions, namely, operations, human resource and procurement in the Group's sustainability efforts.	47
b) Describe management's role in assessing and managing climate-related risks and opportunities		47
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Qian Hu has identified and described the key climate risks and opportunities relevant to our three business segments and their associated impacts: fish, accessories and plastics.	54-55
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning		
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Qian Hu endeavours to conduct a qualitative scenario analysis in the subsequent reports.	-

TCFD Pillar/Recommendation	Key Points	Page Reference
Risk Management		
a) Describe the organisation's processes for identifying and assessing climate-related risks	The Group has a consistent approach to risk assessment throughout its operation. The Group's risk management progress consists of identification, assessment, formulation of mitigation measures, communication and implementation, and monitoring and reviewing. The progress takes into consideration both the impact and likelihood of the risks identified.	105-110
b) Describe the organisation's processes for managing climate-related risks		
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	In the near future, Qian Hu plans to integrate climate-related risks into its Enterprise Risk Management Framework, explore climate scenario analysis options and develop a climate risk policy.	-
Metrics and Targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Qian Hu embarked on developing GHG emissions (Scope 1 and Scope 2) in FY 2022 to establish the baseline emissions. Qian Hu intends to develop Scope 3 inventory in the coming years. Our targets are to reduce water and energy use intensity by 10% by Year 2025 using Year 2020 as a baseline. Nevertheless, Qian Hu intends to set GHG reduction targets in the future as part of our decarbonisation efforts.	54-59
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks		
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		

Corporate Governance Report

Corporate Governance Report

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

This report describes the Group's corporate governance structures and practices that were in place throughout the financial year ended 31 December 2022, with specific reference made to the principles and provisions of the revised Code of Corporate Governance (the "2018 Code") and accompanying Practice Guidance issued in August 2018, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Board is pleased to confirm that for the financial year ended 31 December 2022 ("FY 2022"), the Group has complied with the core principles of the 2018 Code, as well as the provisions that underpin the principles of the 2018 Code. Appropriate reasons have been provided for any deviations from any principles and/or provisions.

I. BOARD MATTERS

The Board's Conduct of its Affairs

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

PROVISION 1.1

Principal Duties of the Board

The Board oversees the conduct of the Group's affairs, works with Management and is accountable to shareholders for the long-term performance of the Group. It also sets the appropriate tone-from-the-top for the Group in respect of ethics, values and desired organisational culture, and to ensure proper accountability within the Group.

During FY 2022, as was in the past years, besides having carried out its statutory responsibilities, the Board performed the following role:

- guide the formulation of the Group's overall long-term strategic plans and performance objectives as well as operational initiatives;
- establish and oversee the processes of evaluating the adequacy and effectiveness of the Group's risk management and internal controls framework, financial reporting and compliance with regulatory requirements;
- review and approve the Group's business plan, including annual budgets, major funding proposals, investment and divestment proposals;
- oversee the business affairs of the Company and monitor the performance of the management;
- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met;
- approve matters as specified under SGX-ST's interested person transaction policy;
- consider sustainability issues, including the integration of sustainability-related matters and the monitoring of sustainability related risks and opportunities as part of its long-term strategy formulation; and
- assume corporate governance responsibilities.

Discharge of Duties and Independent Judgement

All directors are fiduciaries who exercise due diligence and independent judgement in dealing with the business affairs of the Group and make decisions objectively to discharge their duties and responsibilities in the best interests of the Group.

The Board and the Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge the management on its assumptions and proposals is fundamental to good corporate governance. The directors on the Board have the appropriate core competencies and diversity of experience to enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary, from the Board and the Management on matters pertaining to their area of responsibilities and actively help the Management in the development of strategic proposals and oversees the effective implementation by Management to achieve the objectives set.

The Board has no dissenting view on the "Letter to Shareholders" for the financial year under review as set out on pages 10 to 13 of this Annual Report.

Corporate Governance Report (Cont'd)

Conflict of Interest

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

PROVISION 1.2

Board Orientation and Training

A formal letter of appointment is furnished to every newly appointed director upon the appointment explaining among other matters, the roles, obligations, duties and responsibilities as a member of the Board. The Company also conducts a comprehensive induction programme for newly appointed directors which provides extensive background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors have the opportunity to visit the Group's operational facilities and to meet with the Management to gain a better understanding of the Group's business operations. The induction programme gives the directors an understanding of the Group's businesses to enable them to assimilate into their new role. It also allows the new directors to get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management.

A new director appointed to the Board who has no prior experience as a director of a listed company, in addition to the induction programme above, will be required to attend specific modules of the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors ("SID") in order to acquire the relevant knowledge of what is expected of a listed company director, which is a mandatory requirement under the Listing Rules of the SGX-ST, unless the NC is of the view that such training is not required because the Director has other relevant experience. Mr Yap Kok Cheng was appointed onto the Board during the financial year under review and he has undergone the relevant mandatory trainings on his roles and responsibilities as a director of a listed company on the SGX-ST.

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

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

The Company Secretary informs the directors of the availability of relevant courses, conferences and seminars, including those conducted by the SID. The Company has an on-going budget for all directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook.

During the financial year under review, the Board members were provided with regular briefings from the Company's external auditors, KPMG LLP, on applicable Accounting Standards and the developments in governance standards. The Executive Chairman and CEO also updated the Board at each meeting on the business and strategic developments pertaining to the Group's business. Some of the trainings and seminars attended by the directors include the SID Directors' Conference 2022, the SIAS Corporate Governance Week 2022 and the ACRA-SGX-SID Audit Committee Seminar 2022. In addition, all the Board members have completed the mandated sustainability training course organised by SID and the Institute of Singapore Chartered Accountants (ISCA) as required by the enhanced SGX sustainability reporting rules announced in December 2021.

PROVISION 1.3

Board Approval

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

The matters that require Board's approval include:

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

PROVISION 1.4

Delegation by the Board

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

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

COMPOSITION OF BOARD AND BOARD COMMITTEES

Name of Director	Executive Management Committee	Audit & Risk Management Committee	Nominating Committee	Remuneration Committee
Kenny Yap Kim Lee (Executive/Non-Independent)	Chairman	–	–	–
Yap Kok Cheng (Executive/Non-Independent) *(appointed on 1 April 2022)*[1]	Member	–	–	–
Soong Wee Choo (Non-Executive/Lead Independent)	–	Chairman	Member	Member
Sharon Yeoh Kar Choo (Non-Executive/Independent)	–	Member	Chairman	Member
Ling Kai Huat (Non-Executive/Independent)	–	Member	Member	Chairman
Lai Chin Yee (Executive/Non-Independent) *(retired on 30 March 2022)*[2]	Member	–	–	–

Notes:

(1) Mr Yap Kok Cheng was appointed as an Executive Director on 1 April 2022.

(2) Ms Lai Chin Yee retired as an Executive Director at the Company's 23rd Annual General Meeting held on 30 March 2022.

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

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

Corporate Governance Report (Cont'd)

PROVISION 1.5

Board Meetings and Attendance

The attendance of the directors at the scheduled Board and Board Committees meetings during the financial year ended 31 December 2022 is set out below:

Name of Director	Board	Executive Management Committee	Audit & Risk Management Committee	Nominating Committee	Remuneration Committee
Number of meetings held	**3**	**10**	**3**	**1**	**2**
Number of meetings attended:					
Kenny Yap Kim Lee	3	10	3*	–	–
Yap Kok Cheng ***(appointed on 1 April 2022)***	2	8	2*	–	–
Soong Wee Choo	3	–	3	1	2
Sharon Yeoh Kar Choo	3	–	3	1	2
Ling Kai Huat	3	–	3	1	2
Lai Chin Yee ***(retired on 30 March 2022)***	1	2	1*	–	–

* Attendance by invitation of the Committee

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

The Board held three scheduled meetings in the financial year ended 31 December 2022 at regular intervals. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by circumstances. Key matters discussed at these meetings include financial performance, annual budget, corporate strategy, significant operational matters, business opportunities and governance issues.

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

Multiple Board Representations

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

The NC has reviewed and is satisfied that Ms Lai Chin Yee, with multiple board representations and other principal commitments, has been able to devote sufficient time and attention to the affairs of the Company to adequately and satisfactorily discharge her duties as director of the Company, notwithstanding her multiple appointments and commitments. As part of the Board renewal process, Ms Lai has retired as an Executive Director on 30 March 2022 upon the conclusion of the 23rd AGM of the Company.

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

PROVISION 1.6

Access to Information

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

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

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

PROVISION 1.7

Access to Management and Company Secretary

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

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

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

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

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

Independent Professional Advice

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

Board Composition and Guidance

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

PROVISION 2.1

Board Independence

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

Corporate Governance Report (Cont'd)

The independence of each director is assessed and reviewed annually by the NC. In the review and deliberation of the independence of the three independent directors, the NC has considered the applicable Listing Rule 210(5)(d) and the guidelines for independence set out in Provision 2.1 of the 2018 Code, including whether a director has business relationships with the Group, its substantial shareholders or its officers and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the interest of the Group.

Each independent director is required to complete an annual declaration to confirm his/her independence based on the applicable Listing Rules and the guidelines as set out in the 2018 Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified under the applicable Listing Rules and the 2018 Code.

For the year under review, the NC has assessed and is satisfied that all the three non-executive directors are independent.

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

As at the end of FY 2022, Ms Sharon Yeoh Kar Choo has served on the Board beyond nine years from the date of her first appointment. The Board has subjected her independence to a particularly rigorous review by all the other fellow directors (with Ms Yeoh abstaining from the review), before deciding if she should continue with the appointment.

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

Taking into account the above, and also having weighed the need for the Board's refreshment against tenure for relative benefit, the Board has affirmed her independence status and resolved that Ms Yeoh continues to be considered an independent director, notwithstanding she has served on the Board beyond nine years from the date of her first appointment.

In addition, in line with Rule 210(5)(d)(iii) of the SGX Listing Rules which requires that the independence of any director who has served on the Board beyond nine years from the date of first appointment be approved by a mandatory two-tier shareholders' vote if such director is to continue to serve as an independent director, Ms Sharon Yeoh Kar Choo was subjected to the mandatory two-tier voting at the Company's 23rd AGM held on 30 March 2022. Approval from shareholders has been obtained for Ms Yeoh to remain as an independent director until her retirement or resignation as a director, or the conclusion of the third AGM following the passing of the relevant resolution under the two-tier voting, whichever is earlier.

PROVISION 2.2

PROVISION 2.3

Proportion of Non-Executive Independent Directors

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

PROVISION 2.4

Board Composition

The profile of the directors and key information are set out on pages 14 to 16 of this Annual Report.

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

The Board believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides diversity and allows for informed and constructive discussion and effective decision making at the Board meetings. The Board will, however, continue to review opportunities to refresh the Board with a view to expanding the skills, experience and diversity of the Board as a whole.

Board Diversity

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

The current Board composition reflects the Company's commitment to Board diversity. Every year, the NC conducts its review of the composition of the Board, which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, meet with the requirements of the Group at the point in time.

To assist the NC in its annual review of the directors' mix of skills and experiences that the Board requires to function competently and efficiently, all directors submitted a Director Competency Matrix Form, providing information of their areas of specialisation and expertise. The NC, having reviewed the completed forms, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business.

In recognition of the importance and value of gender diversity in the composition of the Board, Qian Hu undertake to have at least 30% representation of female directors on the Board and that if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to present female candidates. The Board has two female directors currently, representing 40% of total Board membership. Ms Sharon Yeoh Kar Choo and Ms Soong Wee Choo have been members of the Board since September 2011 and April 2020 respectively.

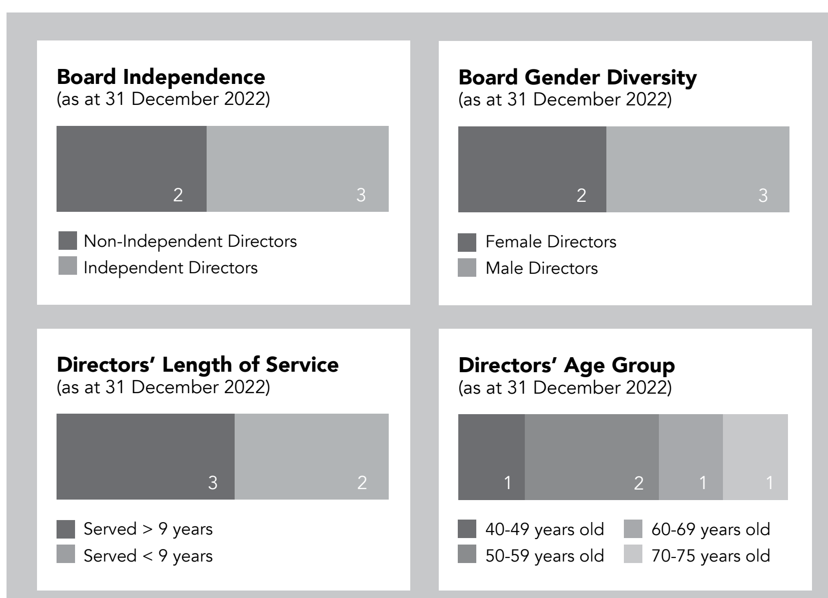
In addition, the Board consists of directors with ages ranging from mid-40s to mid-70s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

Board Skill Sets

- Accounting and financial management
- Business entrepreneurship
- Legal
- Strategic planning
- Human resource
- Risk management
- Sustainability and Governance

Details of the Board composition are as follows:



PROVISION 2.5

Meeting of Independent Directors without Management

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

Chairman and Chief Executive Officer

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

PROVISION 3.1

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

The roles of the Chairman of the Board and the CEO are separate to ensure clear distinction of responsibilities, appropriate balance of power and increased accountability. Mr Kenny Yap Kim Lee serves as the Executive Chairman of the Group, whereas Mr Yap Kok Cheng is the Group's CEO. Mr Yap Kok Cheng reports to the Board led by the Executive Chairman. Mr Yap Kok Cheng is the nephew of Mr Kenny Yap Kim Lee.

All major proposals and decisions made by the Executive Chairman and CEO are discussed and reviewed by the ARMC. Their performance and appointment are reviewed periodically by the NC and the remuneration packages are reviewed periodically by the RC. As the ARMC, NC and RC consist of all independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against a possible concentration of power and authority that a familial relationship exists between the Executive Chairman and the CEO.

PROVISION 3.2

Role of Executive Chairman and CEO

The Group's Executive Chairman, Mr Kenny Yap Kim Lee, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. He leads the Board in its review of the Group's strategies for sustainable growth, ensures the diversity of the Board, and provides guidance in the Group's post-pandemic recovery and transformation efforts. In addition to setting of business strategies for the Group and the monitoring of the translation of the Board's decisions and directions into executive action, he is to ensure that each member of the Board and the Management works well together with integrity and competency. As the Executive Chairman, he with the assistance of the Company Secretary, schedule Board meetings as and when required and prepare the agenda for Board meetings and ensure sufficient allocation of time for thorough discussion of each agenda item, in particular strategic issues. He promotes an open environment for debate and ensure that independent directors are able to speak freely and contribute effectively. In addition, he sets guidelines and exercise control over the quality, quantity, accurateness and timeliness of information flow between the Board and the Management. He plays a pivotal role in fostering constructive dialogue among stakeholders and provides close oversight, guidance and advice to the CEO and the Management. He also takes a leading role in ensuring the Group's drive to achieve and maintain a high standard of corporate governance and sustainability practices with the full support of the Board, the Company Secretary and the Management.

As the Group's CEO, Mr Yap Kok Cheng manages the members of the Management team and is responsible for implementing and reviewing the business directions and strategies for the Group as endorsed by the Board, and for operational performance and organisational excellence. In particular, he will continue to drive the Group's new growth segment - Aquaculture business.

PROVISION 3.3

Appointment of Lead Independent Director

Taking cognisance that the Chairman of the Board is an Executive Director and thus not independent, the Board has designated a Lead Independent Director who serves as a sounding board for the Chairman and as an intermediary between the non-executive independent directors and the Chairman. The current Lead Independent Director is Ms Soong Wee Choo who was appointed on 29 March 2021. The role of the Lead Independent Director is to co-ordinate and to lead the independent directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. She is available to shareholders and stakeholders should they have concerns which cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Chairman or the Management.

There was no query or request on any matters which requires the lead independent director's attention received in FY 2022.

Board Membership

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

PROVISION 4.2

NC Composition and Role

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

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

The key written terms of reference of the NC are set out on page 104 of this Annual Report.

PROVISION 4.1

PROVISION 4.3

Board Renewal & Succession Planning

The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board appointments, re-appointments and oversee the Board succession and the leadership development plans of the key management personnel (KMP).

Board renewal is a continuous process and is a crucial element of the Group's corporate governance process. In this regard, the NC reviews annually the composition of the Board and Committees, which includes size and mix, and recommends to the Board the selection and appointment of new directors with a view to identifying any gaps in the Board's skills set taking into account the Group's strategy and business operations. The NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

(more details are set out in the "Qian Hu's succession planning" section on page 65 of this Annual Report)

Process for Selection and Appointment of New Directors

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

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

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

Process for Re-appointment of Directors

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

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

The names and additional information of the directors who are seeking re-election at the forthcoming AGM to be held on 29 March 2023 are stated in the Notice of AGM set out on pages 180 to 189 of this Annual Report.

Corporate Governance Report (Cont'd)

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

PROVISION 4.4

Continuous Review of Directors' Independence

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

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

During FY 2022, there was no alternate director on the Board.

PROVISION 4.5

Directors' Time Commitments

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

Each director is required to confirm annually to the NC as to whether he or she has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention to his or her duties as a director of the Company. Based on the directors' annual confirmation and the directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Committee meetings, the NC and the Board are satisfied that all the directors were able to and have been adequately carrying out their duties as directors of the Company in FY 2022.

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

Board Performance

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

PROVISION 5.1

PROVISION 5.2

Board Evaluation Process

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

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

The NC assesses the performance of the Board and its Board Committees annually, using objective and appropriate criteria which were recommended by the NC and approved by the Board. During the financial year under review, all directors completed a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board and its Board

Committees' performance and competencies so as to assess the overall effectiveness of the Board and its Board Committees. To ensure confidentiality, the completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC for review before submitting to the Board for discussion and to determine the areas for improvement and enhancement of the effectiveness of the Board and its Board Committees.

Following the review in FY 2022, the Board is of the view that the Board and its Board Committees operate effectively and that each director is contributing to the overall effectiveness of the Board and its Board Committees.

There was no external consultant involved in the Board evaluation process in FY 2022.

Board Evaluation Criteria

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

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

Chairman Evaluation

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

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

Individual Director Evaluation

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

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

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

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

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

PROVISION 6.2

RC Composition and Role

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

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

The key written terms of reference of the RC are set out on page 104 of this Annual Report.

PROVISION 6.1

PROVISION 6.3

PROVISION 6.4

Remuneration Framework

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

On an annual basis, the RC reviews and recommends the specific remuneration packages of the executive directors and the KMPs, including the annual increments and year-end variable bonuses, for approval by the Board. The RC also considers the termination terms in the contracts of employment of the executive directors and KMPs to ensure that they are not unfair or unreasonable.

The RC has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the RC did not seek the service of an external remuneration consultant in FY 2022.

Level and Mix of Remuneration

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

PROVISION 7.1

PROVISION 7.3

Remuneration of Executive Directors and KMPs

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

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

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

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

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

PROVISION 7.2

Remuneration of Non-Executive Directors

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

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

The structure of the fees payable to the non-executive directors of the Company for FY 2022 is as follows:

Appointment	Per Annum
Board of Directors **- Base fee** **(non-executive director only)**	$8,000
Audit & Risk Management Committee **- ARMC Chairperson's fee** **- ARMC Member's fee**	$10,000 $6,000
Nominating Committee **- NC Chairperson's fee** **- NC Member's fee**	$7,000 $5,000
Remuneration Committee **- RC Chairperson's fee** **- RC Member's fee**	$7,000 $5,000

The RC is mindful that the remuneration for non-executive directors should not be excessive so as not to compromise or reasonably be perceived to compromise their independence. No director is involved in deciding his or her own remuneration.

The Board concurred with the RC that the proposed directors' fees for the year ended 31 December 2022 is appropriate and not excessive, taking into consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

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

Disclosure on Remuneration

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

PROVISION 8.1

PROVISION 8.2

PROVISION 8.3

Remuneration Criteria

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

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

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

Disclosure of Remuneration

REMUNERATION TABLE

i) Remuneration of Directors

The breakdown of the total remuneration of the directors of the Company for the year ended 31 December 2022 is set out below:

Name of Director	Salary	Bonus	Director's Fees	Total Remuneration
	$	$	$	$
Kenny Yap Kim Lee	220,080	–	–	220,080
Yap Kok Cheng* ***(appointed on 1 April 2022)***	189,180	35,100	–	224,280
Soong Wee Choo	–	–	28,000	28,000
Sharon Yeoh Kar Choo	–	–	26,000	26,000
Ling Kai Huat	–	–	26,000	26,000
Lai Chin Yee ***(retired on 30 March 2022)***	71,520	–	–	71,520
	480,780	**35,100**	**80,000**	**595,880**

* Mr Yap Kok Cheng, CEO and Executive Director, is the nephew of Mr Kenny Yap Kim Lee, Executive Chairman.

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

ii) Remuneration of Key Management Personnel

The breakdown of total remuneration of the top five key management personnel of the Group (who are not directors) for the year ended 31 December 2022 is set out below:

Name of Management Personnel	Salary	Bonus	Allowance & Benefits	Total Remuneration
	$	$	$	$
Alvin Yap Ah Seng*	286,080	37,350	-	323,430
Andy Yap Ah Siong*	286,080	51,850	-	337,930
Lai Chin Yee ***(from 1 April 2022)***	214,560	38,850	-	253,410
Jimmy Tan Boon Kim	270,480	24,847	-	295,327
Low Eng Hua	160,080	7,156	-	167,236
	1,217,280	**160,053**	**-**	**1,377,333**

* Mr Alvin Yap Ah Seng and Mr Andy Yap Ah Siong are brothers and cousins of Mr Kenny Yap Kim Lee, Executive Chairman and uncles of Mr Yap Kok Cheng, CEO and Executive Director.

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

iii) Remuneration of Immediate Family Members of CEO and Executive Directors

The breakdown of total remuneration of employees who are immediate family members of the CEO and the Executive Directors for the year ended 31 December 2022 is set out below:

Name of Executive	Salary	Bonus	Allowance & Benefits	Total Remuneration
	$	$	$	$
Yap Ping Heng	72,576	6,076	-	78,652
Yap Hock Huat	72,576	6,076	-	78,652
Yap Kim Chuan	74,368	6,412	-	80,780
Lim Yik Kiang	132,240	11,700	-	143,940
Yap Kok Fong	113,040	9,828	-	122,868
	464,800	**40,092**	**-**	**504,892**

- Mr Yap Ping Heng, Mr Yap Hock Huat and Mr Yap Kim Chuan are brothers of Mr Kenny Yap Kim Lee, Executive Chairman.
- Mr Yap Hock Huat is father of Mr Yap Kok Cheng, CEO and Executive Director.
- Mr Yap Ping Heng and Mr Yap Kim Chuan are uncles of Mr Yap Kok Cheng, CEO and Executive Director.
- Mr Lim Yik Kiang is brother-in-law of Mr Yap Kok Cheng, CEO and Executive Director.
- Mr Yap Kok Fong is brother of Mr Yap Kok Cheng, CEO and Executive Director.

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

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

PROVISION 9.1

Oversight of Risk Management

The Board established a Risk Management Committee in FY 2013 as part of the Group's effort to strengthen its risk management processes and framework, in overseeing the formulation and reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls and to report to the Board annually its observations on any matters under its purview.

Corporate Governance Report (Cont'd)

On 29 March 2021, the Board consolidated the Audit Committee and Risk Management Committee and renamed it as Audit & Risk Management Committee ("ARMC"). Thereafter, the responsibility of overseeing the Company's risk management framework, policies and processes is assumed by the ARMC with the assistance of the internal auditors.

Nature and Extent of Risks

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

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

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

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

An overview of the key risks, the extent of the Group's exposure and the approach to managing these risks are set out in the "Risk Management" section on pages 105 to 110 of this Annual Report.

PROVISION 9.2

Assurance from the CEO, CFO and KMPs

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

For the financial year under review:

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

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

The Company has complied with Rule 1207(4)(B)(IV) of the Listing Manual of the SGX-ST in relation to the risk management policies and processes. Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, the reviews performed by the external and internal auditors, as well as the written representation by the Management, the Board, with the concurrence of the ARMC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2022 to address the risks that the Group considers relevant and material to its operations.

The process of reviewing and strengthening the Group's control environment is an evolving process. Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Audit Committee

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

PROVISION 10.2
PROVISION 10.3

ARMC Composition and Role

The Board established the Audit Committee in July 2000. On 29 March 2021, it consolidated the Audit Committee and the Risk Management Committee and renamed it as the Audit & Risk Management Committee ("ARMC"). The ARMC comprises three non-executive directors, all of whom including the Chairperson of the ARMC are independent.

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

The key written terms of reference of the ARMC are set out on page 103 of this Annual Report.

Ms Soong Wee Choo, Chairperson of the ARMC, possesses recent and relevant accounting or related financial management knowledge and risk management expertise, whilst the other two ARMC members have regulatory, governance and industrial background. With the current composition, the Board believes that the ARMC members are appropriately qualified to discharge their responsibilities as defined under the terms of reference, which has been approved by the Board. No former partner or director of the Company's existing auditing firm is a member of the ARMC.

The ARMC is authorised by the Board and has explicit authority to investigate any matter within its terms of reference. It has direct and unrestricted access to, and the co-operation of the Management and full discretion to invite any executive director or KMP to attend its meetings. The ARMC has adequate resources, including access to external consultants, lawyers or other professionals as it sees fit to provide independent counsel and advice, to assist in the review or investigation on such matters within its terms of reference as it deems appropriate at the Company's expense.

The ARMC met three times in the financial year ended 31 December 2022. The executive directors and the finance director were invited to attend the meetings.

PROVISION 10.1
PROVISION 10.4

Financial Reporting Matters

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

In the review of the financial statements for the year ended 31 December 2022, the ARMC has discussed the following significant matters impacting the financial statements with the Management and the external auditors:

Matters Considered	Action
Valuation of biological assets - $7.7 million (10.6% of Group's total assets)	In order to satisfy that the carrying value of the biological assets, in the form of brooder stocks, was not materially misstated, the ARMC obtained assurance from the management that detailed impairment testing had been undertaken using appropriate methodology and assumptions. The primary inputs into the impairment testing are estimates of the projected cash flows derived from the expected production yield of the brooder stocks and the budgeted revenue growth of the breeder stocks (offspring of the brooder stocks), with the application of an appropriate interest rate in discounting these cash flows. In considering this matter, the Committee reviewed the impairment computations and the sensitivity analysis performed on the key assumptions. In addition, the Committee discussed with the external auditors on their review of the reasonableness and relevance of the assumptions used in the impairment assessment and the sensitivity analysis performed. Following these discussions, the Committee noted that the impairment review is sensitive to the changes in the key assumptions underlying the assessment, notwithstanding the estimated recoverable amounts of the brooder stocks exceeded the carrying value. Nonetheless, the Committee concurred with the management's conclusion that no impairment loss was recognised for brooder stocks as at 31 December 2022 and that the disclosures in the financial statements were appropriate.

Matters Considered	Action
Valuation of amount due from subsidiaries (Company level) - $15.7 million	Included in the amount due from subsidiaries balance as at 31 December 2022 was significant long outstanding amount due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("GZQH") amounted to approximately $8.8 million representing 56.1% of the amount due from subsidiaries balances. The ARMC assessed the reasonableness of the recoverability of the above amount and the repayment plans as stipulated by GZQH. The Committee also considered the observations and findings presented by the external auditors with reference to the payment track records and on-going business relationship with GZQH. The above procedures provided the Committee with the assurance and concurred with the management's conclusion that no allowance for impairment on the above amount due from subsidiaries balance is required as at 31 December 2022 and that the disclosures in the financial statements were appropriate.

Internal Controls and Regulatory Compliance

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

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

External Audit

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

The ARMC, in determining the independence and objectivity of the external auditors, KPMG LLP ("KPMG"), reviewed all aspects of their relationships with them, including the processes, policies and safeguards adopted by the Group and KPMG relating to audit independence. The ARMC also considered the nature and volume of the provision of the non-audit services in FY 2022 and the corresponding fees.

The total fees paid/payable to KPMG in FY 2022 are set out below:

Audit Fees for FY 2022	$158,000
Non-Audit Fees – services relating to sustainability reporting	$100,000
% of Non-Audit Fees to Audit Fees	63%

The significant increase in the non-audit fees arose primarily from the advisory services provided in connection with the Group's Environmental, Social and Governance ("ESG") reporting roadmap and compliance with SGX reporting requirements. The ARMC noted that these were not prohibited services and do not pose a threat to the external auditors' independence, and safeguards had been put in place by KPMG to ensure that the independence of the audit team is not impaired. The ARMC is thus of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARMC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

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

Details of fees payable to other auditors is set out on page 161 of this Annual Report.

The ARMC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2023, the ARMC has considered the adequacy of the resources, experience and competence of KPMG, and has taken into account the Accounting and Corporate Regulatory Authority's (ACRA) Audit Quality Indicators Disclosure Framework relating to KPMG at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The ARMC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and its ability to deliver their services professionally and within agreed timelines.

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

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

Internal Audit

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

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

With effect from FY 2022, the internal audit function of the Group is out-sourced to Lo Hock Ling & Co. The internal auditors report primarily to the Chairperson of the ARMC and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

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

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

Whistle Blowing Policy

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

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

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

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

There was no reported incident pertaining to whistle blowing during FY 2022 and until the date of this Annual Report.

PROVISION 10.5

Meeting Auditors without the Management

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

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

PROVISION 11.1

PROVISION 11.2

Conduct of General Meetings

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

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

Pursuant to Rule 730A(2) of the Listing Manual, all resolutions proposed at the AGMs and at any adjournment thereof shall be put to the vote by way of poll. All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM. Each share is entitled to one vote. An external firm is appointed as scrutineers for the AGM voting process, which is independent of the firm appointed to undertake the electronic poll voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET after the AGM.

The resolutions tabled at the general meetings are on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

Detailed information on each item in the AGM agenda is provided in the explanatory notes to the Notice of AGM in the Annual Report.

23rd AGM – 30 March 2022

In view of the COVID-19 situation, the AGM to be held in respect of FY 2021 was convened and held by electronic means on 30 March 2022 ("AGM 2022") pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Alternative arrangements relating to attendance at the AGM 2022 via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, were put in place for the AGM.

24th AGM – 29 March 2023

The forthcoming AGM will be held, in a wholly physical format, at the Qian Hu Fish Farm, located at 71 Jalan Lekar, on 29 March 2023 ("AGM 2023"). There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the AGM 2023, submission of questions to the Chairman of the Meeting in advance of, or at, the AGM 2023, and voting at the AGM 2023 by shareholders or their duly appointed proxy(ies), are set out in a separate announcement released on SGXNET on 1 March 2023.

PROVISION 11.3

Interaction with Shareholders

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

In light of the COVID-19 pandemic whereby the AGM 2022 was held by way of electronic means, the shareholders were invited to submit their questions for the AGM in advance of the meeting, and the Company provided its responses via SGXNET and the corporate website on 23 March 2022 prior to the commencement of the AGM on 30 March 2022. The Executive Chairman, all the directors (including the Chairpersons of the ARMC, RC and NC) and the external auditors, KPMG LLP, were virtually present at the Company's AGM held on 30 March 2022.

With the resumption of the the AGM 2023 in physical format, all directors will endeavour to be present at the AGM 2023 to address shareholders' questions relating to the work of the Board and the Board Committees.

The Company's external auditors will also be present and are available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

PROVISION 11.4

Shareholders' Participation

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

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

PROVISION 11.5

Minutes of General Meetings

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

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

PROVISION 11.6

Dividend Policy

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

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

The Board of directors has declared a final dividend of 0.3 Singapore cents per ordinary share for the financial year ended 31 December 2022 (FY 2021: 0.3 Singapore cents per ordinary share).

Corporate Governance Report (Cont'd)

Engagement with Shareholders

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

PROVISION 12.1

PROVISION 12.2

PROVISION 12.3

Disclosure of Information on Timely Basis

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

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

Since FY2020, the Company has moved to semi-annual reporting of its financial performance. The unaudited half-year results and audited full-year results were released to shareholders within 20 days (on 19 July 2022) and 15 days (on 12 January 2023) from the end of the respective reporting periods. All SGXNET financial statements announcements were accompanied by a press release in both the English and Chinese languages.

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

Investor Relations Practices

Qian Hu has in place an Investor Relations Policy, which sets out the process and mechanism to engage its shareholders, including the channel of communication for questions to be posed by shareholders and through which the Company may respond accordingly.

Through the investor relations (IR) personnel, the Company communicates and engages with shareholders, analysts and other stakeholders to provide balanced, clear and pertinent information on a regular basis, as well as to attend to their queries or concerns and to keep the investors public apprised of the Group's corporate developments and financial performance.

To enable shareholders to contact the Company easily, the contact details of the IR personnel are set out on page 6 of this Annual Report as well as on the Company's website. The IR personnel have procedures in place for following up and addressing stakeholders queries as soon as practicable.

Full details of the Group's investor relations (IR) initiatives are set out on page 72 of this Annual Report.

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

PROVISION 13.1

PROVISION 13.2

Stakeholders' Engagement

Since FY 2011, Qian Hu has started a sustainability framework that outline its sustainability efforts. In FY 2022, the Group has reported its sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the Global Reporting Initiative (GRI) reporting framework and has aligned its climate-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) in the four key areas of governance, strategy, risk management and metrics and targets. It has also mapped the material environmental, social and governance (ESG) topics to the United Nations Sustainable Development Goals (SDGs), and will continually review the Group's sustainable business strategy to improve the stewardship and reporting format.

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

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

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

More details on Qian Hu's approach to materiality assessment and stakeholder engagement are disclosed on pages 48 to 51 of this Annual Report.

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

Please refer to the Sustainability Report set out on pages 43 to 77 of this Annual Report for further details.

PROVISION 13.3

Corporate Website

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

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

Corporate Governance Report (Cont'd)

VI. OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN SECURITIES
- Listing Manual Rule 1207(19)

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

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

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

During FY 2022, there was no trading of the Company's shares by insiders.

MATERIAL CONTRACTS
- Listing Manual Rule 1207(8)

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, there was no material contract involving the interests of any director or controlling shareholder entered into by the Company or any of its subsidiaries since the end of the previous financial year ended 31 December 2022.

There was no such contract subsisted at the end of the financial year under review.

INTERESTED PERSON TRANSACTIONS
- Listing Manual Rule 907

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

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST. Disclosure of interested person transactions is set out on page 164 of this Annual Report. There were no interested person transactions entered into by the Group in excess of $100,000 during the financial year under review.

APPENDIX - BOARD COMMITTEES' DUTIES AND RESPONSIBILITIES

AUDIT & RISK MANAGEMENT COMMITTEE

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

Corporate Governance Report (Cont'd)

APPENDIX - BOARD COMMITTEES' DUTIES AND RESPONSIBILITIES (continued)

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

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

Risk Management

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

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

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

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

Risk Management (Cont'd)

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

BUSINESS AND STRATEGY RISKS

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

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Strategy and Investment Risk	
• The Group grows businesses through organic growth of its existing activities, development of new capabilities (e.g. product innovation) and through new ventures (e.g. aquaculture business) with business partners; hence; it is exposed to risks associated with its expansion plans, including the financial burden of setting up new businesses and dealing with unfamiliar rules and regulations in foreign jurisdictions. • The investment timeframe and the budgets for such expansion plans will be exceeded and that the parameters set will not be achieved.	• Business proposals and investment activities are evaluated through the performance of due diligence exercise and where necessary, supported by external professional advice, to ensure that they are in line with the Group's strategic focus and that they meet the relevant rate of financial returns, taking into consideration other relevant risk factors. • All business proposals are reviewed by the senior management before obtaining final Board approval. • Investments are monitored to ensure that they are on track in meeting the Group's strategic intent, investment objectives and returns.
Market and Political Risk	
• The Group currently operates in five countries with assets and activities spreading mainly across the Asia Pacific. The subsidiaries in these countries are exposed to changes in government policies and regulations, as well as unfavourable political developments, which may limit the realisation of business opportunities and investments in those countries. • The Group's business operations are exposed to economic uncertainties that continue to affect the global economy and international capital markets.	• Consistently keep up-to-date on the potential changes in political, economic and industrial developments so as to be able to anticipate and/or respond to any adverse changes in market conditions in a timely manner. • As at 31 December 2022, approximately 35% of the Group's assets are located overseas, while revenue from its overseas' customers constitute approximately 64% of the total revenue in FY 2022. As the Group currently exports to more than 80 cities and countries, the effect of greater geographical diversification reduces the risk of concentration in a single market.
Regulatory Risk	
• The Group's operations are subject to changes in prevailing laws and regulations in their respective jurisdictions, particularly in areas of corporate law, environment law, and possible local government interventions impacting the industry.	• Maintain close working relationships with respective local authorities and business partners so as to keep abreast with any changes and/or material regulatory development. • All necessary certificates and licences are obtained and renewed on a timely basis in accordance with applicable laws and regulations.
Competition Risk	
• With increasing competition, the Group may possibly lose its competitive edge due to new market entrants or with the growth of existing competitors as well as the emerging of new and better receptive products.	• Strive to strengthen competitiveness through product differentiation, market positioning, and leveraging on brand name while consistently monitoring and responding to market dynamics. • Conscientious efforts are made in attaining high quality products and services while sustaining operational efficiency to improve its competitiveness, productivity and profitability. • Invest perpetually in research and development activities to develop more innovative accessories products with in-house proprietary technology so as to enhance its market competitiveness.

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

OPERATIONAL RISKS

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

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
Operational Processes Risk • Possible breakdown in internal process, deficiencies in people and management, or operational failure arising from external events could resulted in potential loss to the Group.	• Minimise unexpected losses and manage expected losses through a series of quality and people management programs, as well as through business continuity planning. • Operating manuals, standard operating procedures and the delegation of authority matrix are in place. • On-going efforts to streamline business processes and adopt ISO standards and certifications to achieve standardisation of processes and best practices. • Conduct regular reviews of policies and authority limits to ensure its relevance in meeting changing business environment.
Product Risk • Ornamental fish, like other livestock, is susceptible to disease and infection. • Products and services offered by the Group may fail to meet customers' needs and expectations due to its functionality or quality, which can be damageable to the brand integrity.	• Different breeds of fishes are vulnerable to different types of diseases. While it is possible that a rare or virulent strain of bacteria or virus may infect a particular breed of fish in the farm, fatal infection across breeds at any one point in time is uncommon. • Institutionalised a comprehensive health management and quarantine system for all domestic and overseas operations to ensure a consistently high standard of good health care management and hygiene for the fishes. Currently, all domestic and overseas fish operations have attained ISO certifications, including the breeding of Dragon Fish. • Integrated in-house R&D team to focus on research of Dragon Fish breeding behaviour, product innovation technology for aquarium accessories and new form of ornamental fish farming technology to attain product differentiation and diversification, as well as to address quality issues. • Diversified in both its products and markets by selling over 1,000 species and varieties of ornamental fish and more than 3,000 kinds of accessories products to more than 80 cities and countries and are not solely reliant on the sale of any particular species of fish or type of accessories products.

Risk Management (Cont'd)

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MANAGE THE RISKS
People Risk • The Group depends on the service of good personnel for business continuity. While no individual is indispensable, the loss of specialised skills and the leadership of the key management personnel, could result in business interruptions and a loss in shareholders' confidence. • Succession plan execution is a challenge given the size of the Group.	• Benchmark and review the competitiveness of the remuneration package on a periodic basis. • Provide a cohesive environment under which employees could develop their potential and career path so as to ensure that human capital is nurtured and retained. • Set up a non-discriminatory reward framework linked to individual performance. • Has since put in place a structured succession planning program to identify and develop a team of potential employees based on their merit, who can take Qian Hu to the next lap of growth. The training of a team of next-generation leaders for key positions is critical to the continuity of the business which should last beyond this generation.
Climate Change and Environmental Risk • Climate change and environmental risk is a growing concern. The recent spate of natural catastrophes and the continuing threat of future occurrences, especially in the past few years, may disrupt the Group's fish breeding/farming activities and/or logistics arrangements, resulting in economic losses.	• Embark on strategic reviews on key areas, such as infrastructure and logistics, to minimise the business impact of untoward events. • Explore the feasibility of pursuing high-end aquaculture, such as bio-secured farming of selected fish species, to mitigate and manage risks relating to adverse weather conditions, and to ensure consistent supply of these fish species. • Develop more proactive measures and environmental practices and continue to embrace and leverage on technology to improve processes. *(More details are set out in Section 3 of the Sustainability Report on pages 54 and 55 of this Annual Report.)*

FINANCIAL RISKS

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

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

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

Risk Management (Cont'd)

COMPLIANCE RISKS

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

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

INFORMATION TECHNOLOGY RISKS

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

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

Index to Financial Statements

Contents

Director's Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

(a) the financial statements set out on pages 119 to 178 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance and changes in equity of the Group and the Company, and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

Kenny Yap Kim Lee
Yap Kok Cheng (Appointed on 1 April 2022)
Soong Wee Choo
Sharon Yeoh Kar Choo
Ling Kai Huat

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the 'Act'), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings in the name of the director			Holdings in which the director is deemed to have an interest		
	1/1/2022 or date of appointment	31/12/2022	11/1/2023	1/1/2022 or date of appointment	31/12/2022	11/1/2023
The Company						
Ordinary shares						
Kenny Yap Kim Lee	7,794,600	7,794,600	7,794,600	–	–	–
Yap Kok Cheng	–	–	–	75,250	75,250	75,250

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

The Singapore Exchange ("SGX") Listing Manual requires a company to provide a statement as at the 21st day after the end of the financial year, showing the direct and deemed interests of each director of the Company in the share capital of the Company. As the Directors' Statement of the Company is dated 12 January 2023, the Company is unable to comply with the 21 days' requirement. However, for the purpose of best practice, the Company has disclosed the direct and deemed interests of each director of the Company at the last business trading day before the date of the Directors' Statement.

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

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

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

Audit & Risk Management Committee

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

- Soong Wee Choo (Chairman of the Audit & Risk Management Committee)
- Sharon Yeoh Kar Choo
- Ling Kai Huat

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

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

The Audit & Risk Management Committee also reviewed the following:

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

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

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

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

In determining the independence of KPMG LLP, the ARMC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and KPMG LLP relating to audit independence. The ARMC also considered the nature and volume of the provision of the non-audit services in 2022 and the corresponding fees.

The significant increase in the non-audit fees arose primarily from the advisory services provided in connection with the Group's Environmental, Social and Governance ("ESG") reporting roadmap and compliance with SGX reporting requirements. The ARMC noted that these were not prohibited services and do not pose a threat to the external auditors' independence, and safeguards had been put in place by KPMG to ensure that the independence of the audit team is not impaired. The ARMC is thus of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARMC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

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

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

Director's Statement (Cont'd)

Auditors

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

On behalf of the Board of Directors

Kenny Yap Kim Lee
Director

Yap Kok Cheng
Director

12 January 2023

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 2022, 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 119 to 178.

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 Companies Act 1967 ('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 2022 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.

Members of the Company
Qian Hu Corporation Limited

Valuation of biological assets
Refer to Note 5 to the financial statements

The key audit matter	***How the matter was addressed in our audit***
The Group holds a significant amount of biological assets in the form of brooder stock of dragon fish. Brooder stock of $7,668,766 (2021: $7,854,585) is carried at cost less accumulated depreciation and impairment. 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 recoverable amount of the brooder stock and no impairment was required for the financial year ended 31 December 2022.	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.

We found that the disclosures 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 9 to the financial statements

The key audit matter	***How the matter was addressed in our audit***
As at 31 December 2022, the Company has outstanding amounts due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("GZQH") of approximately $8.8 million (2021: $9.2 million), of which, $5.6 million (2021: $6 million) is classified as non-current and $3.2 million (2021: $3.2 million) is classified as current. GZQH has been a wholly-owned subsidiary of the Company since 2019. 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.	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. In addition, we reviewed the sufficiency of the disclosures in relation to the significant and long outstanding receivables.

Our findings

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.

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 Report") 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 Report, 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.

Independent Auditors' Report (Cont'd)

Members of the Company
Qian Hu Corporation Limited

- 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 Tan Khai Boon.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 January 2023

Statements of Financial Position

As at 31 December 2022

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Assets					
Property, plant and equipment	4	8,264,984	8,585,515	3,724,655	3,747,518
Biological assets	5	7,668,766	7,854,585	7,668,766	7,854,585
Intangible assets	6	6,783,452	6,905,452	2,737,022	2,859,022
Subsidiaries	7	–	–	3,524,387	4,023,450
Trade and other receivables	9	–	–	5,557,205	5,985,713
Non-current assets		22,717,202	23,345,552	23,212,035	24,470,288
Biological assets	5	183,090	183,240	183,090	183,240
Financial asset at fair value through profit or loss ("FVTPL")	8	1,049,660	–	1,049,660	–
Inventories	10	15,258,387	15,980,161	4,963,213	4,391,859
Trade and other receivables	9	13,065,831	13,613,388	17,495,603	18,268,904
Cash and cash equivalents	11	20,116,838	21,671,287	10,986,172	12,568,403
Current assets		49,673,806	51,448,076	34,677,738	35,412,406
Total assets		72,391,008	74,793,628	57,889,773	59,882,694
Equity					
Share capital	12	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	13	18,482,216	17,547,455	8,838,555	7,905,124
Equity attributable to owners of the Company		49,255,004	48,320,243	39,611,343	38,677,912
Non-controlling interests		2,295,749	2,310,722	–	–
Total equity		51,550,753	50,630,965	39,611,343	38,677,912
Liabilities					
Loans and borrowings	14	938,926	401,953	203,018	80,596
Deferred tax liabilities	15	54,444	73,272	–	–
Non-current liabilities		993,370	475,225	203,018	80,596
Loans and borrowings	14	9,863,628	13,047,489	9,130,953	12,055,789
Trade and other payables	16	9,530,070	10,174,323	8,737,002	8,860,940
Current tax payable		453,187	465,626	207,457	207,457
Current liabilities		19,846,885	23,687,438	18,075,412	21,124,186
Total liabilities		20,840,255	24,162,663	18,278,430	21,204,782
Total equity and liabilities		72,391,008	74,793,628	57,889,773	59,882,694

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

Statements of Profit or Loss

Year ended 31 December 2022

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Revenue	17	75,265,028	80,002,685	42,052,259	42,279,289
Cost of sales		(50,821,786)	(53,185,840)	(30,033,911)	(29,819,713)
Gross profit		24,443,242	26,816,845	12,018,348	12,459,576
Other income		4,278,118	3,524,246	4,811,358	4,591,755
Selling and distribution expenses		(2,529,150)	(3,110,496)	(1,132,054)	(1,632,034)
General and administrative expenses		(23,888,006)	(24,213,244)	(14,231,479)	(13,239,159)
Impairment loss on trade receivables		(91,424)	(485,195)	(60,761)	(179,000)
Results from operating activities		2,212,780	2,532,156	1,405,412	2,001,138
Finance income		34,842	30,766	17	8
Finance costs		(351,737)	(252,107)	(303,680)	(185,730)
Net finance costs	18	(316,895)	(221,341)	(303,663)	(185,722)
Profit before tax	19	1,895,885	2,310,815	1,101,749	1,815,416
Tax expense	20	(256,551)	(310,189)	(22,740)	(24,300)
Profit for the year		1,639,334	2,000,626	1,079,009	1,791,116
Profit attributable to:					
Owners of the Company		1,399,881	1,719,847	1,079,009	1,791,116
Non-controlling interests		239,453	280,779	–	–
Profit for the year		1,639,334	2,000,626	1,079,009	1,791,116

	Note	Group 2022	Group 2021
Earnings per share (cents)	22		
Basic		1.23	1.51
Diluted		1.23	1.51

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

Statements of Comprehensive Income

Year ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Profit for the year	1,639,334	2,000,626	1,079,009	1,791,116
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations, net of tax	(214,133)	(715,294)	195,001	(92,315)
Foreign currency translation differences – liquidation of a subsidiary reclassified to profit or loss	(9,234)	–	–	–
Other comprehensive income for the year, net of tax	(223,367)	(715,294)	195,001	(92,315)
Total comprehensive income for the year	1,415,967	1,285,332	1,274,010	1,698,801
Total comprehensive income attributable to:				
Owners of the Company	1,275,340	1,190,804	1,274,010	1,698,801
Non-controlling interests	140,627	94,528	–	–
Total comprehensive income for the year	1,415,967	1,285,332	1,274,010	1,698,801

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

Statements of Changes in Equity

Year ended 31 December 2022

	Attributable to owners of the Company					
	Share capital $	Translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Group						
At 1 January 2021	30,772,788	140,639	16,443,064	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 – 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	–	(529,043)	1,719,847	1,190,804	94,528	1,285,332
Transactions with owners of the Company, recognised directly in equity						
Distributions to owners						
Dividends paid (See Note 23)	–	–	(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	(388,404)	17,935,859	48,320,243	2,310,722	50,630,965

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

Group	Share capital $	Translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
	Attributable to owners of the Company					
At 1 January 2022	30,772,788	(388,404)	17,935,859	48,320,243	2,310,722	50,630,965
Total comprehensive income for the year						
Profit for the year	–	–	1,399,881	1,399,881	239,453	1,639,334
Other comprehensive income						
Foreign currency translation differences – foreign operations, net of tax	–	(115,307)	–	(115,307)	(98,826)	(214,133)
Foreign currency translation differences – liquidation of a subsidiary reclassified to profit or loss	–	(9,234)	–	(9,234)	–	(9,234)
Total other comprehensive income	–	(124,541)	–	(124,541)	(98,826)	(223,367)
Total comprehensive income for the year	–	(124,541)	1,399,881	1,275,340	140,627	1,415,967
Transactions with owners of the Company, recognised directly in equity						
Distributions to owners						
Dividends paid (See Note 23)	–	–	(340,579)	(340,579)	(155,600)	(496,179)
Total transactions with owners of the Company	–	–	(340,579)	(340,579)	(155,600)	(496,179)
At 31 December 2022	30,772,788	(512,945)	18,995,161	49,255,004	2,295,749	51,550,753

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

Statements of Changes in Equity (Cont'd)

Year ended 31 December 2022

	Share capital $	Retained earnings $	Translation reserve $	Total equity $
Company				
At 1 January 2021	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 – 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				
Distributions to owners				
Dividends paid (See Note 23)	–	(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
Total comprehensive income for the year				
Profit for the year	–	1,079,009	–	1,079,009
Other comprehensive income				
Foreign currency translation differences – foreign operations, net of tax	–	–	195,001	195,001
Total other comprehensive income	–	–	195,001	195,001
Total comprehensive income for the year	–	1,079,009	195,001	1,274,010
Transactions with owners of the Company, recognised directly in equity				
Distributions to owners				
Dividends paid (See Note 23)	–	(340,579)	–	(340,579)
Total transactions with owners of the Company	–	(340,579)	–	(340,579)
At 31 December 2022	30,772,788	8,749,818	88,737	39,611,343

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

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Profit before tax		1,895,885	2,310,815
Adjustments for:			
Amortisation of intangible assets		122,000	128,667
Bad trade receivables written off		26,981	207,201
Impairment loss on trade receivables		91,424	485,195
(Write back of) Allowance for inventory obsolescence		(240,000)	610,000
Depreciation of:			
- property, plant and equipment		2,890,625	3,282,117
- biological assets		181,687	185,527
Property, plant and equipment written off		1,466	147
(Gain) Loss on disposal of:			
- property, plant and equipment		(51,772)	(18,829)
- biological assets		4,132	–
Net change in fair value – financial asset at FVTPL		(49,660)	–
Gain on derecognition of right-of-use assets and lease liabilities		–	(11,080)
Finance costs		351,737	252,107
Finance income		(34,842)	(30,766)
		5,189,663	7,401,101
Changes in:			
Inventories		1,557,940	86,086
Breeder stocks		150	128,580
Trade and other receivables		99,328	1,785,387
Trade and other payables		(516,479)	(650,564)
Cash generated from operations		6,330,602	8,750,590
Tax paid		(291,909)	(233,976)
Net cash from operating activities		6,038,693	8,516,614
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,020,672)	(1,478,995)
Interest received		34,842	30,766
Proceeds from disposal of property, plant and equipment		57,339	21,871
Acquisition of financial assets at FVTPL		(1,000,000)	–
Net cash used in investing activities		(1,928,491)	(1,426,358)
Cash flows from financing activities			
Dividends paid to:			
- owners of the Company		(340,579)	(227,052)
- non-controlling interests		(155,600)	(162,400)
Interest paid		(336,936)	(252,226)
Repayment of:			
- lease liabilities		(1,403,788)	(1,621,633)
- bank term loans		(3,000,000)	(2,000,000)
Net cash used in financing activities		(5,236,903)	(4,263,311)
Net (decrease) increase in cash and cash equivalents		(1,126,701)	2,826,945
Cash and cash equivalents at beginning of year		21,671,287	19,097,923
Effect of exchange rate fluctuations on cash held		(427,748)	(253,581)
Cash and cash equivalents at end of year	11	20,116,838	21,671,287

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 January 2023.

1 Domicile and activities

Qian Hu Corporation Limited (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 71 Jalan Lekar, Singapore 698950.

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

The principal activities of the Company are those relating to import, export, farming, breeding and distribution of ornamental fishes and aquarium and pet accessories. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – impairment test: key assumptions on underlying recoverable amounts; and
- Note 9 – 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, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which the valuations should be classified.

2.4 Use of estimates and judgements (continued)

Measurement of fair values **(continued)**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 – Biological assets
- Note 27 – Measurement of fair values

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- Amendment to SFRS(I) 16: *Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1 - 16: *Property, plant and equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substance process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

Notes to the Financial Statements (Cont'd)

3.1 Basis of consolidation (continued)

***Business combinations* (continued)**

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI and are presented in the translation reserve in equity.

3.3 Financial instruments

(a) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.3 Financial instruments (continued)

(b) Classification and subsequent measurement (continued)

Financial assets at FVTPL

All financial assts not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset, on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3.3 **Financial instruments (continued)**

(b) Classification and subsequent measurement (continued)

Non-derivative financial assets: Subsequent measurement and gains and losses (continued)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(f) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I)1-12.

Notes to the Financial Statements (Cont'd)

3.3 Financial instruments (continued)

(g) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.

3.4 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and assets under construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3.4 Property, plant and equipment (continued)

***Depreciation* (continued)**

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	20 years
Leasehold land and buildings	Over the remaining lease terms
Leasehold improvements	Over the remaining lease terms
Motor vehicles	5 – 10 years
Computers	3 years
Furniture, fittings and office equipment	5 – 10 years
Equipment and tools	8 – 10 years
Machinery and equipment	5 – 10 years
Electrical and installation	8 – 10 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets

(a) *Trademarks/Customer acquisition costs/Formulation rights*

- Trademarks rights of certain brands of pet food are estimated to have indefinite lives because based on the current market share of the trademarks, management believes there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flows for the Group. Such intangible assets are tested for impairment annually as described in Note 6.

- Customer acquisition costs with finite lives are stated at cost less accumulated amortisation and any impairment losses. These costs are amortised on a straight-line basis over 3 years.

- Trademarks/Formulation rights with finite lives are stated at cost less accumulated amortisation and any impairment losses. These costs are amortised on a straight-line basis over 25 years.

(b) *Product listing fees*

Product listing fees with finite lives are stated at cost less accumulated amortisation and any impairment losses.

These costs are amortised on a straight-line basis over 3 years.

The amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Biological assets

The Group is engaged in the breeding of dragon fish for commercial sale and accounts for its brooder and breeder stocks as follows:

Brooder stocks

Brooder stocks are parent stocks of dragon fish, held for the breeding of dragon fish. As the fair value of brooder stocks cannot be reliably measured, the brooder stocks have been stated at cost less accumulated depreciation and any impairment losses. The brooder stocks are depreciated on a straight-line basis over their estimated useful lives of 50 years.

3.6 Biological assets (continued)

Breeder stocks

Breeder stocks are the offsprings of brooder stocks, held for trading purposes. The holding period of these breeder stocks is usually 2 to 3 months before they are put up for sale. As at the reporting date, these stocks are measured based on their fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss. The fair value is determined based on the age, breed and genetic merit of similar fish that can be purchased from suppliers. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8 Inventories

Inventories comprise raw materials, work-in-progress, manufactured goods and ornamental fishes acquired from suppliers.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- intra-group financial guarantee contracts (FGC).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3.9 Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of FGC less the cumulative income recognised.

The allowance account in respect of trade and other receivables is used to record impairment losses until the financial asset is considered irrecoverable. At that point, the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

3.9 Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (groups of CGU) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.13 Government grants

Grants that compensate the Group for the cost of asset are deducted in arriving at the carrying amount of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as a deduction against related expense on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.14 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

3.15 Tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman and Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.18 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts* and amendments to SFRS(I) 17 *Insurance Contracts*
- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

4 Property, plant and equipment

	Freehold land and buildings $	Leasehold land and buildings $	Leasehold improvements $	Motor vehicles $
Group				
Cost				
At 1 January 2021	2,547,903	16,057,617	2,792,248	3,376,499
Additions	–	20,203	92,527	513,616
Disposals/Write offs/Transfers	–	–	–	(419,514)
Derecognition due to expiry or early termination of lease	–	(36,006)	–	–
Reclassification	–	110,083	46,838	–
Translation differences on consolidation	(202,214)	31,714	(34,866)	(35,097)
At 31 December 2021	2,345,689	16,183,611	2,896,747	3,435,504
Additions	70,837	1,942,046	33,316	285,329
Disposals/Write offs/Transfers	–	–	(18,024)	(281,149)
Derecognition due to expiry or early termination of lease	–	(1,320,485)	–	–
Reclassification	–	–	–	–
Translation differences on consolidation	(98,219)	(346,368)	(191,538)	(62,183)
At 31 December 2022	2,318,307	16,458,804	2,720,501	3,377,501
Accumulated depreciation				
At 1 January 2021	1,067,235	10,536,840	2,142,399	2,535,798
Depreciation charge for the year	216,495	1,838,947	229,913	390,445
Disposals/Write offs/Transfers	–	–	–	(419,514)
Derecognition due to expiry or early termination of lease	–	(36,006)	–	–
Translation differences on consolidation	(84,701)	(16,497)	(46,775)	(31,753)
At 31 December 2021	1,199,029	12,323,284	2,325,537	2,474,976
Depreciation charge for the year	80,119	1,703,239	204,605	341,498
Disposals/Write offs/Transfers	–	–	(18,024)	(276,962)
Derecognition due to expiry or early termination of lease	–	(1,320,485)	–	–
Translation differences on consolidation	(50,205)	(214,814)	(152,971)	(44,810)
At 31 December 2022	1,228,943	12,491,224	2,359,147	2,494,702
Carrying amounts				
At 1 January 2021	1,480,668	5,520,777	649,849	840,701
At 31 December 2021	1,146,660	3,860,327	571,210	960,528
At 31 December 2022	1,089,364	3,967,580	361,354	882,799

Computers $	Furniture, fittings and office equipment $	Equipment and tools $	Machinery and equipment $	Electrical and installation $	Construction in-progress $	Total $
1,846,279	1,698,784	327,921	6,346,397	1,428,395	52,618	36,474,661
96,678	108,706	21,034	157,039	28,041	601,867	1,639,711
(84,492)	(9,290)	–	(161,887)	(12,802)	–	(687,985)
–	(63,400)	–	–	–	–	(99,406)
–	44,031	–	214,777	20,374	(436,103)	–
(23,021)	(32,070)	331	(23,579)	(13,844)	(540)	(333,186)
1,835,444	1,746,761	349,286	6,532,747	1,450,164	217,842	36,993,795
124,816	64,932	4,635	217,802	15,821	93,656	2,853,190
(388,923)	(260,907)	(45,020)	(1,052,673)	(433,367)	–	(2,480,063)
–	–	–	–	–	–	(1,320,485)
3,152	–	–	308,346	–	(311,498)	–
(37,676)	(61,798)	(20,220)	(87,540)	(43,210)	–	(948,752)
1,536,813	1,488,988	288,681	5,918,682	989,408	–	35,097,685
1,695,074	1,457,341	290,333	5,086,355	1,350,994	–	26,162,369
84,595	77,435	16,655	389,260	38,372	–	3,282,117
(84,024)	(8,055)	–	(161,740)	(11,463)	–	(684,796)
–	(44,572)	–	–	–	–	(80,578)
(21,451)	(31,987)	(347)	(24,623)	(12,698)	–	(270,832)
1,674,194	1,450,162	306,641	5,289,252	1,365,205	–	28,408,280
87,252	71,600	12,547	359,971	29,794	–	2,890,625
(386,180)	(260,889)	(45,020)	(1,052,588)	(433,367)	–	(2,473,030)
–	–	–	–	–	–	(1,320,485)
(31,522)	(53,337)	(16,766)	(68,455)	(39,809)	–	(672,689)
1,343,744	1,207,536	257,402	4,528,180	921,823	–	26,832,701
151,205	241,443	37,588	1,260,042	77,401	52,618	10,312,292
161,250	296,599	42,645	1,243,495	84,959	217,842	8,585,515
193,069	281,452	31,279	1,390,502	67,585	–	8,264,984

Notes to the Financial Statements (Cont'd)

4 Property, plant and equipment (continued)

	Leasehold land and buildings $	Leasehold improvements $	Motor vehicles $
Company			
Cost			
At 1 January 2021	10,183,206	641,792	1,820,372
Additions	–	37,430	370,945
Disposals/Write-offs	–	–	(321,348)
Derecognition due to expiry of lease	–	–	–
Reclassification	110,083	–	–
Translation differences	–	10,466	1,536
At 31 December 2021	10,293,289	689,688	1,871,505
Additions	526,314	33,316	109,050
Disposals/Write-offs	–	(18,024)	(116,151)
Reclassification	–	–	–
Translation differences	–	(22,094)	(3,244)
At 31 December 2022	10,819,603	682,886	1,861,160
Accumulated depreciation			
At 1 January 2021	8,310,038	479,697	1,314,379
Depreciation charge for the year	335,673	42,337	239,433
Disposals/Write-offs	–	–	(321,348)
Derecognition due to expiry of lease	–	–	–
Translation differences	–	7,217	1,383
At 31 December 2021	8,645,711	529,251	1,233,847
Depreciation charge for the year	411,277	44,677	215,763
Disposals/Write-offs	–	(18,024)	(116,151)
Translation differences	–	(16,207)	(2,919)
At 31 December 2022	9,056,988	539,697	1,330,540
Carrying amounts			
At 1 January 2021	1,873,168	162,095	505,993
At 31 December 2021	1,647,578	160,437	637,658
At 31 December 2022	1,762,615	143,189	530,620

Computers $	Furniture, fittings and office equipment $	Machinery and equipment $	Electrical and installation $	Construction in-progress $	Total $
1,023,154	609,255	4,002,633	425,924	45,820	18,752,156
35,722	69,070	34,541	–	561,287	1,108,995
(52,645)	(214)	(15,326)	–	–	(389,533)
–	(63,400)	–	–	–	(63,400)
–	44,031	214,777	20,374	(389,265)	–
–	753	3,588	–	–	16,343
1,006,231	659,495	4,240,213	446,298	217,842	19,424,561
97,417	26,779	75,255	5,668	93,656	967,455
(361,690)	(122,697)	(1,127,238)	(308,363)	–	(2,054,163)
3,152	–	308,346	–	(311,498)	–
–	(1,589)	(7,576)	–	–	(34,503)
745,110	561,988	3,489,000	143,603	–	18,303,350
967,783	551,110	3,135,163	421,833	–	15,180,003
38,297	27,322	231,290	4,730	–	919,082
(52,645)	(214)	(15,179)	–	–	(389,386)
–	(44,572)	–	–	–	(44,572)
–	657	2,659	–	–	11,916
953,435	534,303	3,353,933	426,563	–	15,677,043
40,010	33,603	230,190	4,049	–	979,569
(359,046)	(122,697)	(1,127,169)	(308,363)	–	(2,051,450)
–	(1,401)	(5,940)	–	–	(26,467)
634,399	443,808	2,451,014	122,249	–	14,578,695
55,371	58,145	867,470	4,091	45,820	3,572,153
52,796	125,192	886,280	19,735	217,842	3,747,518
110,711	118,180	1,037,986	21,354	–	3,724,655

4 Property, plant and equipment (continued)

Included in property, plant and equipment are the right-of-use assets related to leased properties and office equipment of $1,542,244 (2021: $1,147,961) and $52,724 (2021: $69,966) relating to the Group respectively; and $247,394 (2021: $15,230) and $44,877 (2021: $59,265) relating to the Company respectively.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $2,853,190 (2021: $1,639,711), of which $82,519 (2021: $71,442) were acquired under finance leases and $1,749,999 (2021: $89,274) relates to right-of-use assets. Cash payments of $1,020,672 (2021: $1,478,995) were made to purchase property, plant and equipment.

Details of properties held by the Group and the Company as at 31 December are as follows:

Location	Description and existing use	Tenure/ Unexpired term	Land area (sq m)	Carrying amount 2022 $	Carrying amount 2021 $
Leasehold land and buildings					
69 Jalan Lekar, Singapore 698934 71 Jalan Lekar, Singapore 698950	Fish farming	10 years from 11 November 2016	41,780	705,068	658,985
35 Lorong Semangka, Singapore 698912	Fish farming	20 years from 20 February 2008	19,343	810,153	974,028
30/25 & 30/26 Moo 8, Klongnueng, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2021 to 31 December 2023	3,290	9,128	22,583
30/24 Moo 8, Klongnueng, Klongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2021 to 31 December 2023	1,740	4,605	9,614
B601, B602, B639, B640 Srusinrat Market Zone A Bangkok 10900 Thailand	Retail outlet	1 January 2021 to 31 December 2023	64	6,452	13,468
JL. Raya Brantamulya Tengsaw No. 9 Tarik Kolot, Kecamatan Citeureup Bogor, Indonesia 16810	Fish farming	30 years from 1 May 2013	1,343	234,639	277,745
Yan Dun Wen Yuan Village Hui Wen Town, Wen Chang City Hainan, China	Fish farming	1 January 2017 to 30 April 2033	3,833	574,899	676,493
No. 12 Dongfeng Road, Qiancheng, Tanbu Town, Huadu District, Guangzhou, China	Office space, factory and warehousing	1 April 2022 to 31 March 2025	24,355	1,300,713	155,964
Dong Fish Farm, Bei Ma Fang Village Jinzhang Town, Chao Yang District Beijing, China	Office space and warehousing	1 July 1998 to 31 December 2025	8,667	57,487	84,196
			Balance carried forward	3,703,144	2,873,076

4 Property, plant and equipment (continued)

Location	Description and existing use	Tenure/ Unexpired term	Land area (sq m)	Carrying amount 2022 $	Carrying amount 2021 $
Leasehold land and buildings (continued)					
		Balance brought forward		3,703,144	2,873,076
Blk 20, Woodlands Link, #03-28/29, Singapore 738733	Warehousing	1 April 2018 to 30 September 2027	389	100,000	121,053
2 Woodlands Sector 1, #03-35, Woodlands Spectrum Singapore 738068	Factory	1 May 2020 to 30 April 2023	1,904	105,701	422,803
211 Woodlands Avenue 9, #04-78, Spectrum 2 Singapore 738960	Warehousing	1 May 2020 to 30 April 2023	369	21,247	84,985
No. 2AG, 6G, Lorong Batu Nilam 4B, Bandar Bukit Tinggi, 41200 Klang, Selangor, Malaysia	Retail outlet	1 March 2020 to 28 February 2023	306	7,563	56,237
45 SS24/8, Taman Megah, 47301 Petaling Jaya, Selangor, Malaysia	Retail outlet	10 September 2020 to 9 September 2023	153	17,480	46,422
G18, Jalan Indah 15, Tesco Bukit Indah, Taman Bukit Indah, 81200 Johor Bahru, Malaysia	Retail outlet	4 March 2019 to 4 March 2022	216	–	5,322
D-G-08, Jalan SS6/20A Dataran Glomac, Pusat Kelana Jaya, Selangor, Malaysia	Retail outlet	1 March 2020 to 28 February 2023	178	3,963	29,462
6, Jalan SS 4/9 Petaling Jaya, 473300 Selangor, Malaysia	Office space	1 July 2022 to 30 June 2024	153	8,480	–
Block C and E/F Lot 6212, Kampung Baru Balakong 43300 Balakong, Selangor, Malaysia	Office space and warehousing	1 January 2020 to 31 December 2022	4,196	–	220,967
Freehold land and buildings					
761 Rangsit - Nakornayok 52 Road, Pachatipat, Tanyaburi, Pathumthani, 12130 Thailand	Residential	Freehold	444	46,169	58,335
Land No. 3903 Tambol Samreuan Amphur Meuang Ratchaburi Province 70000 Thailand	Fish Farming	Freehold	46,219	1,043,197	1,088,325
				5,056,944	5,006,987

5 Biological assets

	Brooder stocks Group and Company 2022 $	2021 $
Cost		
At 1 January	12,015,000	12,015,000
Additions	1,487,500	–
Disposals	(3,934,500)	–
At 31 December	9,568,000	12,015,000
Accumulated depreciation and impairment loss		
At 1 January	4,160,415	3,974,888
Depreciation charge for the year	181,687	185,527
Disposals	(2,442,868)	–
At 31 December	1,899,234	4,160,415
Net carrying amount		
At 31 December	7,668,766	7,854,585
Estimated quantity at year end (pieces)	3,321	3,526

The brooder stocks are parent stocks of dragon fish, held by the Group and the Company for use in the breeding of dragon fish. Due to the uniqueness of each dragon fish and as an active market does not exist for the brooder stocks, the brooder stocks are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The depreciation method, useful lives and residual values are reviewed at each reporting date.

The brooder stocks are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the brooder stocks to be 50 years. Management monitors the mortality rate of the brooder stocks on a continuing basis and is not aware of any developments or research findings that would require a revision of the useful lives for the brooder stocks. The depreciation charged is recognised in general and administrative expenses in the statement of profit or loss.

During the financial year, the brooder stocks of the Group and the Company bred 5,879 (2021: 9,369) of dragon fish.

	Breeder stocks Group and Company 2022 $	2021 $
At 1 January	183,240	311,820
Net increase due to births	399,210	672,630
Decreases due to sales	(399,360)	(801,210)
At 31 December	183,090	183,240
Estimated quantity at year end (pieces)	2,700	2,701

Breeder stocks are the offsprings of brooder stocks, held for trading purposes. The holding period of these breeder stocks is usually 2 to 3 months before they are put up for sale. As at the reporting date, these stocks are measured based on their fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss.

Impairment tests for cash-generating units containing biological assets

The recoverable amounts of the brooder stocks are based on value in use and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use in 2022 was determined in a similar manner as in 2021. No impairment loss is recognised in respect of the biological assets as at 31 December 2022 and 31 December 2021 as the recoverable amount was in excess of the carrying amount.

5 **Biological assets (continued)**

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts of brooder stocks are discount rates, production yield and growth rates. These assumptions are as follows:

	Discount rate		Production yield		Budgeted revenue growth	
	2022 %	2021 %	2022	2021	2022 %	2021 %
Biological assets	12.0	12.0	3.2 – 8.1	2.8 – 8.1	5.0	5.0

Discount rate

The discount rates used are based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

Production yield

Management estimates the production yield based on the actual breeder production for the past 12 months adjusted for the expected production yield.

Budgeted revenue growth

The anticipated annual revenue growth included in the cash flow projections was based on past performance and its expectation for market development.

The Group is exposed to a number of risks related to its brooder stocks and breeder stocks:

Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of breeder stocks. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to manage the breeding program.

Climate and other risks

The Group's brooder stocks and breeder stocks are exposed to the risk of damage and fatalities from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and industry disease surveys.

Sensitivity analysis

The estimated recoverable amount of the brooder stocks exceeded its carrying amount by approximately $716,000 as of 31 December 2022 (2021: $793,000). No impairment loss was required for the carrying amount of brooder stocks as at 31 December 2022 and 31 December 2021 as the recoverable amount was in excess of carrying amount. The following table shows the percentage by which these three key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for recoverable amount to equal the carrying amount	
	2022 %	2021 %
Production yield	(6.7) – (17.0)	(9.5) – (11.2)
Growth rate	(44.4) – (123.7)	(60.3) – (70.9)
Discount rate	7.2 – 21.3	9.8 – 11.7

Notes to the Financial Statements (Cont'd)

6 Intangible assets

Group	Trademarks/ Customer acquisition costs/ Formulation rights $	Product listing fees $	Goodwill $	Total $
Cost				
At 1 January 2021	3,797,806	196,153	4,046,430	8,040,389
Write-off	–	(196,153)	–	(196,153)
At 31 December 2021 and 31 December 2022	3,797,806	–	4,046,430	7,844,236
Accumulated amortisation				
At 1 January 2021	810,117	196,153	–	1,006,270
Amortisation for the year	128,667	–	–	128,667
Write-off	–	(196,153)	–	(196,153)
At 31 December 2021	938,784	–	–	938,784
Amortisation for the year	122,000	–	–	122,000
At 31 December 2022	1,060,784	–	–	1,060,784
Carrying amounts				
At 1 January 2021	2,987,689	–	4,046,430	7,034,119
At 31 December 2021	2,859,022	–	4,046,430	6,905,452
At 31 December 2022	2,737,022	–	4,046,430	6,783,452

Company	Trademarks/ Customer acquisition costs/ Formulation rights $	Product listing fees $	Total $
Cost			
At 1 January 2021	3,717,806	196,153	3,913,959
Write-off	–	(196,153)	(196,153)
At 31 December 2021 and 31 December 2022	3,717,806	–	3,717,806
Accumulated amortisation			
At 1 January 2021	736,784	196,153	932,937
Amortisation for the year	122,000	–	122,000
Write-off	–	(196,153)	(196,153)
At 31 December 2021	858,784	–	858,784
Amortisation for the year	122,000	–	122,000
At 31 December 2022	980,784	–	980,784
Carrying amounts			
At 1 January 2021	2,981,022	–	2,981,022
At 31 December 2021	2,859,022	–	2,859,022
At 31 December 2022	2,737,022	–	2,737,022

The amortisation charged is recognised in selling and distribution expenses in the statement of profit or loss.

6 Intangible assets (continued)

(i) *Impairment tests for cash-generating units containing trademarks/customer acquisition costs*

Trademarks/Customer acquisition costs are costs paid for the acquisition and registration of brands and trademarks of pet food.

The recoverable amounts of the above balances are based on value in use and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use in 2022 was determined in a similar manner as in 2021. No impairment loss was required for the carrying amount of trademarks/customer acquisition costs at 31 December 2022 and 31 December 2021 as the recoverable value was in excess of the carrying amount.

Key assumptions used in discounted cash flow projection calculations

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

	Discount rate		Terminal value growth rate		Budgeted revenue growth	
	2022	2021	2022	2021	2022	2021
	%	%	%	%	%	%
Pet food	12.0	12.5	5.0	5.0	5.0	5.0

Discount rate

The discount rates used are based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

Terminal value growth rate

Management includes five years of cash flows based on financial budgets approved by the Board of Directors in their discounted cash flow models. A long-term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for the country in which the division is based and the long-term compound annual growth rate in earnings before interest, taxation, depreciation and amortisation (EBITDA) estimated by management.

Budgeted revenue growth

The anticipated annual revenue growth included in the cash flow projections was based on past performance and its expectation for market development.

Sensitivity analysis

No sensitivity analysis is presented as the cashflow projection is not sensitive to any changes in the key assumptions.

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

For the purpose of impairment testing, goodwill has been allocated to GZQH, the lowest CGU.

The goodwill of $4,046,430 is attributable mainly to the synergies expected to be achieved from integrating GZQH into the Group's existing accessories business. None of the goodwill recognised is expected to be deductible for tax purposes.

The recoverable amount of this CGU is based on its value in use and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use in 2022 was determined in the same manner as in 2021. No impairment loss was required for the carrying amount of goodwill as at 31 December 2022 and 31 December 2021 as the recoverable amount was in excess of carrying amount.

6 Intangible assets (continued)

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

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the estimation of value in use are as follows:

	2022 %	2021 %
Discount rate	13.0	12.5
Terminal growth rate	5.0	5.0
Net profit margin	5.0	5.0

Discount rate

The discount rates used are 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.

Sensitivity analysis

No sensitivity analysis was disclosed as the Group believes that any reasonable change in the key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

7 Subsidiaries

	Company	
	2022 $	2021 $
Unquoted equity investments, at cost	3,524,387	4,023,450

7 Subsidiaries (continued)

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and business	Ownership interest 2022 %	Ownership interest 2021 %	Cost of investment by the Company 2022 $	Cost of investment by the Company 2021 $
* Qian Hu Tat Leng Plastic Pte. Ltd.	Manufacture of plastic bags	Singapore	100	100	57,050	57,050
^ Qian Hu Aquarium and Pets (M) Sdn. Bhd. and its subsidiary:	Trading and distribution of ornamental fish and aquarium and pet accessories	Malaysia	100	100	171,951	171,951
^ Qian Hu The Pet Family (M) Sdn. Bhd.	Trading of ornamental fish and aquarium accessories	Malaysia	100	100	–	–
^ Qian Hu Development Sdn. Bhd.	Investment holding	Malaysia	100	100	16,000	16,000
^ Beijing Qian Hu Aquarium and Pets Co., Ltd	Distribution of aquarium and pet accessories	People's Republic of China	100	100	171,824	171,824
^ Guangzhou Qian Hu OF Feed Co., Ltd	Manufacture of fish feed	People's Republic of China	100	100	126,170	126,170
^ Guangzhou Qian Hu Aquarium and Pets Co., Ltd	Distribution of aquarium and pet accessories	People's Republic of China	100	100	69,000	69,000
^ Qian Hu Aquaculture (Hainan) Co., Ltd	Farming of edible fish	People's Republic of China	100	100	1,240,393	1,240,393
^ Tian Tian Fisheries (Hainan) Co., Ltd	Farming of edible fish	People's Republic of China	–#	100	–	499,063
^ Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd	Manufacture of aquarium and pet accessories	People's Republic of China	100	100	13,668	13,668
^ Qian Hu Marketing Co Ltd	Distribution of aquarium and pet accessories	Thailand	74♦	74♦	148,262	148,262
^ Thai Qian Hu Company Limited and its subsidiary:	Trading of ornamental fish	Thailand	60	60	121,554	121,554
^ Advance Aquatic Co., Ltd	Trading of ornamental fish	Thailand	60	60	–	–
^ NNTL (Thailand) Limited	Investment holding	Thailand	49@	49@	30,999	30,999
^ P.T. Qian Hu Joe Aquatic Indonesia	Trading of ornamental fish	Indonesia	97.25	97.25	1,357,516	1,357,516
					3,524,387	4,023,450

Notes to the Financial Statements (Cont'd)

7 Subsidiaries (continued)

KPMG LLP Singapore is the auditor of the Singapore-incorporated subsidiary.

* *Audited by KPMG LLP Singapore.*

^ *Audited by other certified public accountants. These subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, a subsidiary is considered significant if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.*

♦ *This represents the Group's effective interest in Qian Hu Marketing Co Ltd. The Company holds a 49% (2021: 49%) direct interest in Qian Hu Marketing Co Ltd and the remaining effective interest of 25% (2021:25%) is held through a subsidiary, NNTL (Thailand) Limited.*

@ *NNTL (Thailand) Limited is considered a subsidiary of the Company as the Company has voting control at general meetings and board meetings of NNTL (Thailand) Limited.*

The entity has been liquidated during the financial year.

There are no subsidiaries that have NCI that are material to the Group.

8 Financial asset at fair value through profit or loss ("FVTPL")

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Non-listed debt instrument - convertible loan				
At 1 January	–	–	–	–
Additions	1,000,000	–	1,000,000	–
Net change in fair value	49,660	–	49,660	–
At 31 December	1,049,660	–	1,049,660	–

On 20 December 2021, the Company entered into a $1 million unsecured convertible loan ("USCL") agreement with AquaEasy Pte Ltd ("AquaEasy"). The USCL, paid in January 2022, bears interest at 5% per annum from the date of disbursement of the loan to AquaEasy and matures on 30 June 2023.

Credit risks

The Group and the Company's exposures to credit risks are disclosed in Note 26.

9 Trade and other receivables

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Trade receivables	11,984,906	12,411,248	6,906,401	6,891,279
Loss allowance	(1,557,036)	(1,544,408)	(887,000)	(884,000)
Net receivables	10,427,870	10,866,840	6,019,401	6,007,279
Deposits	635,876	540,686	188,810	71,060
Tax recoverable	88,376	73,767	–	–
Other receivables	758,170	349,332	569,344	160,058
Amounts due from subsidiaries:				
- trade	–	–	12,813,411	14,057,281
- non-trade	–	–	2,892,703	3,011,020
Amortised cost	11,910,292	11,830,625	22,483,669	23,306,698
Prepayments	478,580	402,624	81,010	58,326
Advances to suppliers	676,959	1,380,139	488,129	889,593
	13,065,831	13,613,388	23,052,808	24,254,617
Non-current	–	–	5,557,205	5,985,713
Current	13,065,831	13,613,388	17,495,603	18,268,904
	13,065,831	13,613,388	23,052,808	24,254,617

Outstanding non-trade balances with subsidiaries are unsecured, interest-free and are repayable on demand. There is no loss allowance arising from the outstanding balances as the ECL is not material.

Receivables denominated in currencies other than the Company's functional currency comprise:

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
US Dollar	1,752,526	2,196,547	858,620	1,277,043
Euro	31,685	32,259	–	–
Malaysian Ringgit	938,076	1,075,080	–	–
Thai Baht	769,232	762,255	–	–
Chinese Renminbi	1,081,697	1,248,207	10,142	20,101
Indonesian Rupiah	34,836	34,198	–	–

Included in the amount due from subsidiaries is an amount due from GZQH of approximately $8.8 million as at 31 December 2022 (2021: $9.2 million).

In 2021, the Company entered into a repayment arrangement with GZQH and consequently, $3.2 million of the outstanding amount as at 31 December 2021 was due on 31 December 2022 and the remaining amount of approximately $6.0 million was neither planned and was not expected to be repaid within the next 12 months. During the financial year, the Company revised the repayment arrangement with GZQH whereby $3.2 million of the outstanding amount as at 31 December 2022 is due on 31 December 2023 and the remaining amount of approximately $5.6 million is neither planned and is not expected to be repaid within the next 12 months.

Credit and market risks, and impairment losses

The Group and the Company's exposures to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 26.

Notes to the Financial Statements (Cont'd)

10 Inventories

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Fish	1,590,970	1,585,341	955,863	759,622
Accessories	12,350,781	13,376,392	4,007,350	3,632,237
Raw materials – plastic products	542,489	300,555	–	–
Finished goods – plastic products	774,147	717,873	–	–
	15,258,387	15,980,161	4,963,213	4,391,859

In 2022, inventories of $47,466,621 (2021: $51,023,014) were recognised as an expense during the year and included in cost of sales in the statement of profit or loss.

11 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Cash and bank balances	16,042,526	20,210,340	8,314,647	12,568,403
Short-term deposits	4,074,312	1,460,947	2,671,525	–
Cash and cash equivalents	20,116,838	21,671,287	10,986,172	12,568,403

Short-term deposits bear average effective interest rate of 2.64% (2021: 1.89%) per annum.

Cash and cash equivalents denominated in foreign currencies other than the Company's functional currency comprise:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
US Dollar	2,703,772	2,528,592	2,262,816	2,092,218
Euro	813,748	489,819	21,018	43,284
Malaysian Ringgit	2,361,636	2,230,808	–	–
Thai Baht	2,315,275	2,424,935	–	–
Chinese Renminbi	1,652,498	1,144,999	11,240	1,761
Indonesian Rupiah	204,263	454,789	–	–

12 Share capital

	Group and Company			
	2022	2022	2021	2021
	$	No. of shares	$	No. of shares
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	30,772,788	113,526,467	30,772,788	113,526,467

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding NCI. The Board of Directors also monitors the level of dividends to ordinary equity holders. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

12 Share capital (continued)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Net debt	215,786	1,952,478	7,084,801	8,428,922
Total equity	51,550,753	50,630,965	39,611,343	38,677,912
Total capital	51,766,539	52,583,443	46,696,144	47,106,834
Gearing ratio	0.00	0.04	0.15	0.18

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2021 and 2022. There were no changes in the Group's approach to capital management during the financial year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

13 Reserves

	Group		Company	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Retained earnings	18,995,161	17,935,859	8,749,818	8,011,388
Translation reserve	(512,945)	(388,404)	88,737	(106,264)
	18,482,216	17,547,455	8,838,555	7,905,124

The translation reserve of the Group and the Company comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the translation of monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met.

14 Loans and borrowings

	Group		Company	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Non-current liabilities				
Lease liabilities	938,926	401,953	203,018	80,596
Current liabilities				
Bank term loans	9,000,000	12,000,000	9,000,000	12,000,000
Bills payable to banks (unsecured)	25,607	52,266	–	–
Lease liabilities	838,021	995,223	130,953	55,789
	9,863,628	13,047,489	9,130,953	12,055,789
Total borrowings	10,802,554	13,449,442	9,333,971	12,136,385

The unsecured short-term loans are revolving bank loans which bear interest at rates from 4.75% to 5.20% (2021: 1.23% to 1.52%) per annum and are repayable within the next 12 months from the reporting date.

The weighted average effective interest rates relating to the bills payable to banks, at the reporting date for the Group and the Company are 4.25% (2021: 3.41%) per annum respectively. These bills mature within 1 to 3 months from the reporting date.

Notes to the Financial Statements (Cont'd)

14 Loans and borrowings (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount $	Cash flows: Contractual cash flows $	Within 1 year $	Within 1 to 5 years $	More than 5 years $
Group					
2022					
Bills payable to banks	25,607	26,695	26,695	–	–
Bank term loans	9,000,000	9,450,450	9,450,450	–	–
Lease liabilities	1,776,947	1,834,416	870,344	964,072	–
Trade and other payables*	8,961,437	8,961,437	8,961,437	–	–
	19,763,991	20,272,998	19,308,926	964,072	–
2021					
Bills payable to banks	52,266	53,928	53,928	–	–
Bank term loans	12,000,000	12,165,000	12,165,000	–	–
Lease liabilities	1,397,176	1,444,286	1,024,381	419,905	–
Trade and other payables*	9,670,940	9,670,940	9,670,940	–	–
	23,120,382	23,334,154	22,914,249	419,905	–
Company					
2022					
Bank term loans	9,000,000	9,450,450	9,450,450	–	–
Lease liabilities	333,971	346,378	136,982	209,396	–
Trade and other payables*	8,564,562	8,564,562	8,564,562	–	–
	17,898,533	18,361,390	18,151,994	209,396	–
2021					
Bank term loans	12,000,000	12,165,000	12,165,000	–	–
Lease liabilities	136,385	146,496	59,693	86,803	–
Trade and other payables*	8,705,953	8,705,953	8,705,953	–	–
	20,842,338	21,017,449	20,930,646	86,803	–

* *Excludes advance received from customers.*

14 **Loans and borrowings (continued)**

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Other loans and borrowings $	Lease liabilities $	Accrued interest payable (Note 16) $	Total $
Balance at 1 January 2021	14,082,203	2,870,769	6,653	16,959,625
Changes from financing cash flows				
Interest paid	–	(73,966)	(178,260)	(252,226)
Repayment of lease liabilities	–	(1,621,633)	–	(1,621,633)
Repayment of bank term loans	(2,000,000)	–	–	(2,000,000)
Total changes from financing cash flows	(2,000,000)	(1,695,599)	(178,260)	(3,873,859)
The effect of changes in foreign exchange rates	(1,002)	17,232	–	16,230
Other changes				
New leases	–	160,716	–	160,716
Derecognition of lease liabilities	–	(29,908)	–	(29,908)
Interest expense	–	73,966	178,141	252,107
Bills payable to banks (net)	(28,935)	–	–	(28,935)
Total other changes	(28,935)	204,774	178,141	353,980
Balance at 31 December 2021	12,052,266	1,397,176	6,534	13,455,976
Balance at 1 January 2022	12,052,266	1,397,176	6,534	13,455,976
Changes from financing cash flows				
Interest paid	–	(52,637)	(284,299)	(336,936)
Repayment of lease liabilities	–	(1,403,788)	–	(1,403,788)
Repayment of bank term loans	(3,000,000)	–	–	(3,000,000)
Total changes from financing cash flows	(3,000,000)	(1,456,425)	(284,299)	(4,740,724)
The effect of changes in foreign exchange rates	(3,065)	(48,959)	–	(52,024)
Other changes				
New leases	–	1,832,518	–	1,832,518
Interest expense	–	52,637	299,100	351,737
Bills payable to bank (net)	(23,594)	–	–	(23,594)
Total other changes	(23,594)	1,885,155	299,100	2,160,661
Balance at 31 December 2022	9,025,607	1,776,947	21,335	10,823,889

Notes to the Financial Statements (Cont'd)

15 Deferred tax liabilities

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Property, plant and equipment	54,444	73,272	–	–

Movement in deferred tax liabilities

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
At 1 January	73,272	70,547	–	–
Recognised in profit or loss	(17,757)	2,914	–	–
Translation differences on consolidation	(1,071)	(189)	–	–
At 31 December	54,444	73,272	–	–

Unrecognised deferred tax assets

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Deductible temporary differences	6,352,670	7,070,652	6,352,670	7,070,652
Tax losses	5,475,911	5,594,567	5,475,911	5,475,911
	11,828,581	12,665,219	11,828,581	12,546,563

Deferred tax assets have not been recognised in respect of tax losses for certain subsidiaries because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

16 Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Trade payables	2,931,898	3,369,730	1,396,971	1,642,921
Accrued operating expenses	1,087,287	986,876	869,177	757,823
Accrued interest payable	21,335	6,534	21,335	6,534
Other payables	2,176,481	2,731,418	1,810,557	2,226,840
Accrued staff costs	2,744,436	2,576,382	2,344,265	2,147,501
Advance received from customers	568,633	503,383	172,440	154,987
Amounts due to subsidiaries:				
- trade	–	–	907,053	509,130
- non-trade	–	–	1,215,204	1,415,204
	9,530,070	10,174,323	8,737,002	8,860,940

Other payables are interest-free and have an average term of three months. The non-trade amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

16 Trade and other payables (continued)

Payables denominated in currencies other than the Company's functional currency comprise:

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
US Dollar	256,735	256,268	200,744	217,964
Euro	1,052	3	1,052	3
Australian Dollar	24,945	–	24,945	–
Malaysian Ringgit	314,873	283,244	2,241	–
Thai Baht	135,069	210,774	–	–
Chinese Renminbi	749,835	887,050	197,764	300,326
New Taiwan Dollar	81,613	109,119	62,342	87,536
Indonesian Rupiah	48,509	27,393	–	–

Market and liquidity risk

The Group and the Company's exposures to currency risk and liquidity risk related to trade and other payables are disclosed in Note 26.

17 Revenue

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Sale of goods:				
- fish	29,137,041	30,406,763	19,259,724	18,683,305
- accessories	38,138,949	41,914,163	22,792,535	23,595,984
- plastics	7,989,038	7,681,759	–	–
	75,265,028	80,002,685	42,052,259	42,279,289

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of fish

Nature of goods or services	Fish farming, breeding, distribution and trading of ornamental and edible fish
When revenue is recognised	Point of sale
Significant payment terms	30 days from invoice date

Sale of accessories

Nature of goods or services	Manufacturing and distribution of aquarium and pets accessories
When revenue is recognised	Point of sale
Significant payment terms	30 days from invoice date

Sale of plastics

Nature of goods or services	Manufacturing and distribution of plastic bags
When revenue is recognised	Point of sale
Significant payment terms	30 days from invoice date

17 Revenue (continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and major products. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 25).

	Fish		Accessories		Plastics		Total	
	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $
Group								
Primary geographical markets								
Singapore	7,624,773	5,748,588	11,726,965	11,635,455	7,611,274	7,171,470	26,963,012	24,555,513
Other Asian countries	7,749,807	14,434,574	21,747,652	24,380,240	156,072	131,610	29,653,531	38,946,424
Europe	4,498,604	5,026,612	446,589	1,191,594	118,547	140,360	5,063,740	6,358,566
Others	9,263,857	5,196,989	4,217,743	4,706,874	103,145	238,319	13,584,745	10,142,182
	29,137,041	30,406,763	38,138,949	41,914,163	7,989,038	7,681,759	75,265,028	80,002,685

Contract balances

The following table provides information about contract liabilities from contracts with customers.

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Contract liabilities	(568,633)	(503,383)	(172,440)	(154,987)

The contract liabilities primarily relate to the advance consideration received from customers for sale of fish and accessories.

Significant changes in the contract liabilities balances during the year are as follows.

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	503,383	591,706	154,987	152,847
Increases due to cash received, excluding amounts recognised as revenue during the year	(568,633)	(503,383)	(172,440)	(154,987)

18 Net finance costs

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Interest income				
- bank deposits	34,842	30,766	17	8
Interest expense				
- bank loans and overdrafts	(295,316)	(174,364)	(295,316)	(174,364)
- bills payable to banks	(3,784)	(3,777)	–	–
- lease liabilities	(52,637)	(73,966)	(8,364)	(11,366)
	(351,737)	(252,107)	(303,680)	(185,730)
Net finance costs	(316,895)	(221,341)	(303,663)	(185,722)

19 Profit before tax

The following items have been included in arriving at profit before tax:

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
(Write back of) Allowance for inventory obsolescence	(240,000)	610,000	(180,000)	150,000
Auditors' remuneration:				
- auditors of the Company	158,000	138,000	140,000	120,000
- other auditors	20,976	23,067	–	–
Non-audit fees:				
- auditors of the Company	100,000	–	100,000	–
- other auditors	34,217	27,047	–	19,100
Bad trade receivables written off (recovered)	26,981	207,201	(5,158)	124,174
Directors' fees:				
- directors of the Company	80,000	87,000	80,000	87,000
Depreciation of:				
- property, plant and equipment	2,890,625	3,282,117	979,569	919,082
- biological assets	181,687	185,527	181,687	185,527
Amortisation of intangible assets	122,000	128,667	122,000	122,000
Exchange loss (gain), net	178,740	(508,212)	236,424	(349,609)
Short term leases	125,937	103,696	60,270	42,150
Property, plant and equipment written off	1,466	147	1,466	147
Staff costs:				
- salaries and bonus	13,312,649	13,084,048	8,569,364	6,658,959
- provident fund contributions	904,085	879,738	609,326	577,822
- staff welfare benefits	1,116,232	1,106,426	496,998	412,966
- foreign worker levy	394,655	399,167	354,869	364,371
Other (income) expenses:				
(Gain) Loss on disposal of:				
- property, plant and equipment	(51,772)	(18,829)	(122)	(7,645)
- biological assets	4,132	–	4,132	–
Gain on derecognition of right-of-use assets and lease liabilities	–	(11,080)	–	(11,080)
Dividend income received from subsidiaries	–	–	(1,027,400)	(1,243,000)
Net change in fair value – financial asset at FVTPL	(49,660)	–	(49,660)	–
Loss on liquidation of a subsidiary	–	–	303,825	–
Sundry income	(170,000)	(221,657)	(31,315)	(57,350)
Handling income (net)	(4,010,818)	(3,272,680)	(4,010,818)	(3,272,680)

Notes to the Financial Statements (Cont'd)

20 Tax expense

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Tax recognised in profit or loss				
Current tax expense				
Current year	246,538	289,035	22,740	24,300
Under provision in respect of prior year	27,770	18,240	–	–
	274,308	307,275	22,740	24,300
Deferred tax (credit) expense				
Origination and reversal of temporary differences	(4,523)	2,914	–	–
Over provision in respect of prior year	(13,234)	–	–	–
	(17,757)	2,914	–	–
Total tax expense	256,551	310,189	22,740	24,300
Reconciliation of effective tax rate				
Profit before tax	1,895,885	2,310,815	1,101,749	1,815,416
Tax using Singapore tax rate of 17% (2021: 17%)	322,300	392,839	187,297	308,621
Effect of tax rates in foreign jurisdictions	47,797	71,402	–	–
Expenses not deductible for tax purposes	150,454	233,561	103,382	89,589
Income not subject to tax	(72,332)	(52,632)	(183,100)	(213,194)
Recognition of tax effect of previously unrecognised tax losses	(17,973)	(18,226)	–	–
Change in unrecognised temporary differences	(141,300)	(338,768)	(165,239)	(315,839)
Group tax relief transferred out	–	–	121,238	149,523
Withholding tax	22,740	24,300	22,740	24,300
Tax incentives	(69,671)	(20,527)	(63,578)	(18,700)
Under provision in respect of prior year	14,536	18,240	–	–
Tax expense	256,551	310,189	22,740	24,300

Tax recognised in other comprehensive income

There is no tax effect on the translation differences relating to financial statements of foreign operations in other comprehensive income.

21 Directors' remuneration

Company's directors receiving remuneration from the Group:

	Group and Company Number of directors 2022	Group and Company Number of directors 2021
Remuneration of:		
$500,000 and above	–	–
$250,000 to $499,999	–	1
Below $250,000	6	6
	6	7

21 Directors' remuneration (continued)

Names of director	Salary $	Bonus $	Directors' fees $	Total $
Group and Company				
2022				
Kenny Yap Kim Lee	220,080	–	–	220,080
Yap Kok Cheng (appointed on 1 April 2022)	189,180	35,100	–	224,280
Soong Wee Choo	–	–	28,000	28,000
Sharon Yeoh Kar Choo	–	–	26,000	26,000
Ling Kai Huat	–	–	26,000	26,000
Lai Chin Yee (retired on 30 March 2022)	71,520	–	–	71,520
Total	480,780	35,100	80,000	595,880
2021				
Kenny Yap Kim Lee	219,360	–	–	219,360
Lai Chin Yee	285,360	38,400	–	323,760
Soong Wee Choo	–	–	28,000	28,000
Sharon Yeoh Kar Choo	–	–	26,000	26,000
Ling Kai Huat	–	–	26,000	26,000
Alvin Yap Ah Seng (retired on 25 March 2021)	71,340	–	–	71,340
Tan Tow Ee (retired on 29 March 2021)	–	–	7,000	7,000
Total	576,060	38,400	87,000	701,460

22 Earnings per share

	Group 2022	Group 2021
Profit attributable to equity holders of the Company ($)	1,399,881	1,719,847
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	113,526,467	113,526,467
Basic earnings per share (cents)	1.23	1.51

The calculation of basic earnings per share at 31 December was based on profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding.

The Group has no dilution in its earnings per share at 31 December 2022 and 31 December 2021.

23 Dividends

	Group and Company 2022 $	Group and Company 2021 $
Final dividend paid of 0.3 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2021	340,579	–
Final dividend paid of 0.2 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2020	–	227,052

The directors have proposed a final dividend of $0.003 (2021: $0.003) per ordinary share, one-tier exempt, totalling $340,579 (2021: $340,579) in respect of the financial year ended 31 December 2022. 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 2023.

During the year, there were dividends paid by a subsidiary to non-controlling interests amounting to $155,600 (2021: $162,400).

Notes to the Financial Statements (Cont'd)

24 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the authorities of the entity. The directors are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2022 $	2021 $
Short-term employee benefits		
- directors of the Company	595,880	701,460
- other key management personnel	2,149,652	1,904,079
	2,745,532	2,605,539

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties at terms agreed between the parties, are as follows:

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Sales to subsidiaries	–	–	3,099,796	3,014,829
Purchases from subsidiaries	–	–	3,508,835	2,369,183

25 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products. For each of the strategic business units, the Group's Executive Chairman and Chief Executive Officer reviews internal management reports on a monthly basis.

The Group's reportable operating segments are as follows:

(i) Fish – includes fish farming, breeding, distribution and trading of ornamental and edible fish/seafood;

(ii) Accessories – includes manufacturing and distribution of aquarium and pet accessories;

(iii) Plastics – includes manufacturing and distribution of plastic bags; and

(iv) Others – includes corporate office and consolidation adjustments which are not directly attributable to a particular business segment above.

The accounting policies of the reportable segments are the same as described in Note 3. Information regarding the results of each reportable segment is included below. Performance is measured based on profit before tax, as included in the internal management reports that are reviewed by the Group's Executive Chairman and Chief Executive Officer. Profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Certain financing costs are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on mutually agreed terms.

Segment expenditure for non-current assets is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

25 Operating segments (continued)

Information about reportable segments

2022	Fish $'000	Accessories $'000	Plastics $'000	Others $'000	Total $'000
Revenue					
External revenue	29,137	38,139	7,989	–	75,265
Inter-segment revenue	3,339	7,792	193	(11,324)	–
Total revenue	32,476	45,931	8,182	(11,324)	75,265
Results					
EBITDA*	4,926	2,560	1,124	(3,203)	5,407
Depreciation and amortisation	(1,241)	(1,393)	(537)	(23)	(3,194)
Interest expense	(2)	(44)	(11)	(295)	(352)
Interest income	4	3	–	28	35
Profit before tax	3,687	1,126	576	(3,493)	1,896
Tax expense	(228)	(31)	25	(23)	(257)
Profit for the year	3,459	1,095	601	(3,516)	1,639
Assets and liabilities					
Segment assets	33,674	30,607	4,703	3,407	72,391
Segment liabilities	5,535	4,591	976	9,738	20,840
Other segment information					
Expenditure for non-current assets**	440	352	115	196	1,103
Other non-cash items:					
Allowance for inventory obsolescence					
(Gain) Loss on disposal of:					
- property, plant and equipment	(6)	(46)	***	–	(52)
- biological assets	4	–	–	–	4
Property, plant and equipment written off	1	–	–	–	1
Bad trade receivables written off	24	3	–	–	27
Impairment loss on trade receivables	63	28	–	–	91
Write back of allowance for inventory obsolescence	–	(240)	–	–	(240)

* *EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.*
** *This includes capital expenditure and additions to other non-current assets.*
*** *Amount less than $1,000.*

Notes to the Financial Statements (Cont'd)

25 Operating segments (continued)

Information about reportable segments (continued)

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 before tax	2,776	1,656	751	(2,872)	2,311
Tax expense	(211)	(70)	–	(29)	(310)
Profit for the year	2,565	1,586	751	(2,901)	2,001
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					
Expenditure for non-current assets**	920	612	18	–	1,550
Other non-cash items:					
Allowance for inventory obsolescence	–	610	–	–	610
(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)
Bad trade receivables written off	82	125	–	–	207
Impairment loss on trade receivables	181	304	–	–	485
Property, plant and equipment written off	–	***	–	–	***

* *EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortisation.*
** *This includes capital expenditure and additions to other non-current assets.*
*** *Amount less than $1,000.*

Geographical segments

Geographical segments are analysed by four principal geographical areas, namely Singapore, other Asian countries, Europe and Others (i.e. the rest of the world). In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment non-current assets and segment assets are based on the geographical location of the assets.

25 **Operating segments (continued)**

Geographical Information

	Singapore $'000	Other Asian countries $'000	Europe $'000	Others $'000	Consolidated $'000
2022					
Revenue from external customers	26,963	29,653	5,064	13,585	75,265
Segment non-current assets	18,567	4,150	–	–	22,717
Segment assets	47,328	25,063	–	–	72,391
2021					
Revenue from external customers	24,556	38,946	6,359	10,142	80,003
Segment non-current assets	19,298	4,048	–	–	23,346
Segment assets	47,991	26,803	–	–	74,794

Major customers

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

26 **Financial risk management**

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of trade and other receivables.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Impairment loss on trade receivables	91,424	485,195	60,761	179,000

26 Financial risk management (continued)

***Credit risk* (continued)**

Trade receivables

Exposure to credit risk

A summary of the Group's and the Company's exposures to credit risk for trade receivables is as follows:

	2022		2021	
	Not credit-impaired $	Credit-impaired $	Not credit-impaired $	Credit-impaired $
Group				
- Four or more years' trading history with the Group*	7,878,661	–	8,821,203	–
- Less than four years' trading history with the Group*	2,549,209	–	2,045,637	–
- Higher risk	446,282	1,110,754	523,055	1,021,353
Total gross carrying amount	10,874,152	1,110,754	11,389,895	1,021,353
Loss allowance	(446,282)	(1,110,754)	(523,055)	(1,021,353)
	10,427,870	–	10,866,840	–
Company				
- Four or more years' trading history with the Group*	4,535,159	–	4,719,449	–
- Less than four years' trading history with the Group*	1,484,242	–	929,196	–
- Higher risk	231,353	655,647	621,317	621,317
Total gross carrying amount	6,250,754	655,647	6,269,962	621,317
Loss allowance	(231,353)	(655,647)	(262,683)	(621,317)
	6,019,401	–	6,007,279	–

* *Excluding 'higher risk'.*

Expected credit loss assessment for customers

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

26 Financial risk management (continued)

Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
	%	$	$	
Group				
2022				
Within 1 month (invoices issued)	0.00	4,906,713	–	No
Within 1 – 2 months	0.00	2,678,081	–	No
Within 2 – 3 months	0.00	1,106,634	–	No
Within 3 – 4 months	0.00	502,507	–	No
More than 4 months	55.79	2,790,971	1,557,036	Yes
		11,984,906	1,557,036	
2021				
Within 1 month (invoices issued)	0.00	5,363,016	–	No
Within 1 – 2 months	0.00	2,815,762	–	No
Within 2 – 3 months	0.00	1,301,613	–	No
Within 3 – 4 months	0.00	440,559	–	No
More than 4 months	62.02	2,490,298	1,544,408	Yes
		12,411,248	1,544,408	
Company				
2022				
Within 1 month (invoices issued)	0.00	2,851,406	–	No
Within 1 – 2 months	0.00	1,513,886	–	No
Within 2 – 3 months	0.00	700,444	–	No
Within 3 – 4 months	0.00	295,368	–	No
More than 4 months	57.40	1,545,297	887,000	Yes
		6,906,401	887,000	
2021				
Within 1 month (invoices issued)	0.00	3,108,001	–	No
Within 1 – 2 months	0.00	1,532,801	–	No
Within 2 – 3 months	0.00	769,536	–	No
Within 3 – 4 months	0.00	254,753	–	No
More than 4 months	72.09	1,226,188	884,000	Yes
		6,891,279	884,000	

Notes to the Financial Statements (Cont'd)

26 Financial risk management (continued)

***Credit risk* (continued)**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Balance at 1 January	1,544,408	1,070,114	884,000	705,000
Impairment loss	91,424	485,195	60,761	179,000
Amounts written off against impairment loss made	(57,761)	–	(57,761)	–
Translation differences on consolidation	(21,035)	(10,901)	–	–
Balance at 31 December	1,557,036	1,544,408	887,000	884,000

Non-listed debt instrument - convertible loan

The Group uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of risk of default (including but not limited to audited financial statements, management accounts and available press information). There is no significant increase in credit risk for the exposure.

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of $2,892,703 (2021: $3,011,020). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for other receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $20,116,838 and $10,986,172 at 31 December 2022 (2021: $21,671,287 and $12,568,403). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Baa1 to Aa1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

26 Financial risk management (continued)

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than Singapore dollars. The currencies giving rise to this risk are primarily the United States Dollar (US Dollar), Euro, Malaysian Ringgit, Thai Baht and Chinese Renminbi.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group $	Company $
31 December 2022		
US Dollar	(419,956)	(292,069)
Euro	(84,438)	(1,997)
Australian Dollar	2,494	2,494
Malaysian Ringgit	(298,484)	224
Thai Baht	(294,944)	–
Chinese Renminbi	(198,436)	17,638
New Taiwan Dollar	8,161	6,234
Indonesian Rupiah	(19,059)	–
31 December 2021		
US Dollar	(446,887)	(315,130)
Euro	(52,207)	(4,328)
Malaysian Ringgit	(302,264)	–
Thai Baht	(297,642)	–
Chinese Renminbi	(150,616)	27,846
New Taiwan Dollar	10,912	8,754
Indonesian Rupiah	(46,159)	–

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Business risk

The main risk arising from the Group's livestock is business risk. The Group has institutionalised a comprehensive health management and quarantine system for all its domestic and overseas operations to ensure a consistently high standard of good healthcare management and hygiene for its livestock. Currently, all its domestic and overseas fish operations have attained ISO 9001: 2008 certification.

Interest rate risk

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Notes to the Financial Statements (Cont'd)

26 Financial risk management (continued)

***Interest rate risk* (continued)**

The following table sets out the carrying amounts as at 31 December, by maturity or repricing, whichever is earlier, of the financial instruments of the Group and the Company that are exposed to interest rate risk:

	Within 1 year $	1 to 5 years $	More than 5 years $	Total $
Group				
2022				
Financial liabilities				
Fixed rate				
Bills payable to banks	25,607	–	–	25,607
Lease liabilities	838,021	938,926	–	1,776,947
	863,628	938,926	–	1,802,554
Floating rate				
Bank term loans	9,000,000	–	–	9,000,000
2021				
Financial liabilities				
Fixed rate				
Bills payable to banks	52,266	–	–	52,266
Lease liabilities	995,223	401,953	–	1,397,176
	1,047,489	401,953	–	1,449,442
Floating rate				
Bank term loans	12,000,000	–	–	12,000,000
Company				
2022				
Financial liabilities				
Fixed rate				
Lease liabilities	130,953	203,018	–	333,971
Floating rate				
Bank term loans	9,000,000	–	–	9,000,000
2021				
Financial liabilities				
Fixed rate				
Lease liabilities	55,789	80,596	–	136,385
Floating rate				
Bank term loans	12,000,000	–	–	12,000,000

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at reporting date would not affect profit or loss.

26 Financial risk management (continued)

***Interest rate risk* (continued)**

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a change of 100 basis point (bp) in interest rate at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or Loss	
	100 bp Increase $	100 bp Decrease $
Group		
31 December 2022		
Floating rate instruments	(90,000)	90,000
31 December 2021		
Floating rate instruments	(120,000)	120,000
Company		
31 December 2022		
Floating rate instruments	(90,000)	90,000
31 December 2021		
Floating rate instruments	(120,000)	120,000

Intra-group financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries or related parties.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to approximately $1.7 million (2021: $1.7 million).

26 Financial risk management (continued)

Accounting classifications and fair values

The carrying amounts of financial assets and financial liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Mandatorily at FVTPL $	Amortised cost $	Other financial liabilities $	Total carrying amount $
Group				
2022				
Financial assets				
Financial asset at FVTPL	1,049,660	–	–	1,049,660
Trade and other receivables#	–	11,910,292	–	11,910,292
Cash and cash equivalents	–	20,116,838	–	20,116,838
	1,049,660	32,027,130	–	33,076,790
Financial liabilities				
Lease liabilities	–	–	(1,776,947)	(1,776,947)
Bank term loans	–	–	(9,000,000)	(9,000,000)
Bills payable to banks	–	–	(25,607)	(25,607)
Trade and other payables*	–	–	(8,961,437)	(8,961,437)
	–	–	(19,763,991)	(19,763,991)
2021				
Financial assets				
Trade and other receivables#	–	11,830,625	–	11,830,625
Cash and cash equivalents	–	21,671,287	–	21,671,287
	–	33,501,912	–	33,501,912
Financial liabilities				
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)
	–	–	(23,120,382)	(23,120,382)
Company				
2022				
Financial assets				
Financial asset at FVTPL	1,049,660	–	–	1,049,660
Trade and other receivables#	–	22,483,669	–	22,483,669
Cash and cash equivalents	–	10,986,172	–	10,986,172
	1,049,660	33,469,841	–	34,519,501
Financial liabilities				
Lease liabilities	–	–	(333,971)	(333,971)
Bank term loans	–	–	(9,000,000)	(9,000,000)
Trade and other payables*	–	–	(8,564,562)	(8,564,562)
	–	–	(17,898,533)	(17,898,533)

26 Financial risk management (continued)

Accounting classifications and fair values (continued)

	Mandatorily at FVTPL $	Amortised cost $	Other financial liabilities $	Total carrying amount
Company				
2021				
Financial assets				
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				
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)

Excludes prepayments and advances to suppliers.
* *Excludes advance received from customers.*

27 Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumption made in determining fair value is disclosed in the notes specific to that asset or liability.

Interest-bearing bank loans

The carrying value of interest-bearing bank loans that reprice within six months of the reporting date is assumed to approximate their fair values. The carrying amounts of the term loans also approximate fair value as it is subject to floating interest rates which in turn approximate the current market interest rate for similar loan at reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, bills payable to banks and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Biological assets - breeder stocks

Fair value of breeder stocks 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.

Non-listed debt instrument - convertible loan

The fair value of the financial asset is its expected value based on the probability weighted average present value of expected future net cash flows, considering each of the possible future events and the terms under the various situations.

Notes to the Financial Statements (Cont'd)

27 Measurement of fair values (continued)

Fair value hierarchy

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
Group and Company				
31 December 2022				
Breeder stocks	–	–	183,090	183,090
Unsecured convertible loan	–	–	1,049,660	1,049,660
	–	–	1,232,750	1,232,750
31 December 2021				
Breeder stocks	–	–	183,240	183,240

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

The following table shows the key unobservable inputs used in the valuation models:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets		
Breeder stocks	• Premiums on quality, estimated based on colour and size • Estimated future breeder market price	As the estimated fair value increases, the higher is the estimated selling price and premium of breeder.
Financial asset of FVTPL		
Unsecured convertible loan	• Discount rate • Probability of future events relating to the convertible loan	The estimated fair value would increase (decrease) if the discount rate was lower (higher).

Valuation processes applied by the Group

The assessment of fair value of breeder stocks is performed by the Group's finance department and operations team on a quarterly basis. The finance department reports to the Group's Finance Director (FD).

Level 3 recurring fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Unsecured convertible loan $
Group and Company	
At 1 January 2022	–
Acquisition	1,000,000
Net change in fair value	49,660
At 31 December 2022	1,049,660

28 Leases

Leases as lessee

The Group leases offices, warehouses, factories, retail spaces, farm facilities, office equipment and motor vehicles. The leases typically run for a period of three to five years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouse and factory leases were entered into many years ago as combined leases of land and buildings.

The Group leases IT equipment and certain properties with contract terms of one year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

	Leasehold land and buildings $	Furniture, fittings and office equipment $	Total $
Group			
Balance at 1 January 2021	2,583,081	41,026	2,624,107
Depreciation charge for the year	(1,473,668)	(21,302)	(1,494,970)
Additions to right-of-use assets	20,204	69,070	89,274
Derecognition of right-of-use assets	–	(18,828)	(18,828)
Translation difference on consolidation	18,344	–	18,344
Balance at 31 December 2021	1,147,961	69,966	1,217,927
Balance at 1 January 2022	1,147,961	69,966	1,217,927
Depreciation charge for the year	(1,308,357)	(21,650)	(1,330,007)
Additions to right-of-use assets	1,745,591	4,408	1,749,999
Translation difference on consolidation	(42,951)	–	(42,951)
Balance at 31 December 2022	1,542,244	52,724	1,594,968
Company			
Balance at 1 January 2021	72,831	27,471	100,302
Additions to right-of-use assets	–	69,070	69,070
Depreciation charge for the year	(57,601)	(18,448)	(76,049)
Derecognition of right-of-use assets	–	(18,828)	(18,828)
Balance at 31 December 2021	15,230	59,265	74,495
Balance at 1 January 2022	15,230	59,265	74,495
Additions to right-of-use assets	329,859	4,408	334,267
Depreciation charge for the year	(97,695)	(18,796)	(116,491)
Balance at 31 December 2022	247,394	44,877	292,271

Amounts recognised in profit or loss

	2022 $	2021 $
Interest on lease liabilities	52,637	73,966
Expenses relating to short-term leases	125,937	103,696

Notes to the Financial Statements (Cont'd)

28 Leases (continued)

Amounts recognised in statement of cash flows

	2022 $	2021 $
Total cash outflow for leases	1,582,362	1,799,295

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

29 Commitments

In 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 USD1.0 million (equivalent to $1.34 million).

As at 31 December 2022, the Company has not made any capital contribution into this subsidiary.

Statistics of Shareholdings

As at 8 February 2023

Class of Shares	:	Ordinary shares
Number of Shares Issued	:	113,526,467
Issued and Fully Paid-Up Capital	:	$30,772,788
Voting Rights	:	On a poll - One vote for each ordinary share
Number of Treasury Shares	:	Nil

Analysis of Shareholders

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 99	240	10.92	9,192	0.01
100 - 1,000	430	19.56	201,243	0.18
1,001 - 10,000	933	42.45	4,226,858	3.72
10,001 - 1,000,000	574	26.11	28,013,478	24.68
1,000,001 and above	21	0.96	81,075,696	71.41
Total	**2,198**	**100.00**	**113,526,467**	**100.00**

Substantial Shareholders

		Shareholdings registered in the name of the substantial shareholders		Shareholdings held by substantial shareholders in the name of nominees	
Name of Substantial Shareholder		No. of Shares	%	No. of Shares	%
1	Yap Kim Lee Kenny	7,794,600	6.87	–	–
2	Yap Ah Seng Alvin	7,777,038	6.85	–	–
3	Yap Ah Siong Andy	7,750,900	6.83	–	–
4	Yap Hock Huat	6,825,900	6.01	–	–
5	Yap Ping Heng	6,825,900	6.01	–	–
6	Ang Hao Yao (Hong Haoyao)	5,702,240	5.02	–	–
7	Yap Kim Chuan	5,331,398	4.70	2,419,500	2.13

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	Yap Kim Lee Kenny	7,794,600	6.87
2	Yap Ah Seng Alvin	7,777,038	6.85
3	Yap Ah Siong Andy	7,750,900	6.83
4	Yap Hock Huat	6,825,900	6.01
5	Yap Ping Heng	6,825,900	6.01
6	Ang Hao Yao (Hong Haoyao)	5,702,240	5.02
7	Yap Kim Chuan	5,331,398	4.70
8	Maybank Securities Pte. Ltd.	4,532,664	3.99
9	Estate Of Yap Kim Choon, Deceased	3,925,000	3.46
10	Yap Suhui	3,825,900	3.37
11	Simon Seah Seow Kee	3,691,650	3.25
12	Choo Chee Kiong	2,500,000	2.20
13	Hong Leong Finance Nominees Pte Ltd	2,464,500	2.17
14	Yap Chew Ring	2,424,475	2.14
15	Ang Kim Sua	1,723,500	1.52
16	Wong Bei Keen	1,527,500	1.35
17	Yap Hey Cha	1,513,000	1.33
18	Tan Boon Kim	1,330,581	1.17
19	Lim Yew Hoe	1,293,750	1.14
20	Royal Inst Of Construction Economists Pte Ltd	1,225,200	1.08
	Total	**79,985,696**	**70.46**

Shareholding Held in the Hands of Public

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 44.72% of the issued share capital of the Company was held in the hands of the public as at 8 February 2023. Accordingly, Rule 723 of the Singapore Exchange Listing Manual has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of Qian Hu Corporation Limited (the "**Company**") will be held at No 71 Jalan Lekar, Singapore 698950 on Wednesday, 29 March 2023, at 11.00 a.m. to transact the following business:

Ordinary Business

1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022 and the Auditors' Report thereon. **[Resolution 1]**

2 To declare a final dividend of 0.3 cents Singapore Dollar per ordinary share one-tier tax exempt for the financial year ended 31 December 2022. **[Resolution 2]**

3 To re-elect Mr Yap Kim Lee Kenny in accordance with Regulation 91 of the Company's Constitution, as Director of the Company. **[Resolution 3]**

4 To re-elect Ms Soong Wee Choo in accordance with Regulation 91 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (a)] **[Resolution 4]**

5 To re-elect Mr Yap Kok Cheng in accordance with Regulation 90 of the Company's Constitution, as Director of the Company. **[Resolution 5]**

6 To approve the sum of S$80,000 as Directors' fees for the financial year ended 31 December 2022. (2021: S$87,000) **[Resolution 6]**

7 To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 7]**

8 To transact any other business that may be transacted at an Annual General Meeting.

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

9 **General Mandate to authorise the Directors to issue shares or convertible securities**

That pursuant to Section 161 of the Companies Act 1967 (the "**Act**"), the Constitution and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force):

(i) issue additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and

(ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in (b)(i) above, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a pro rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:

    (a) new Shares arising from the conversion or exercise of convertible securities;

    (b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

    (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (b)] **[Resolution 8]**

By Order of the Board

Lai Chin Yee
Company Secretary

Singapore
1 March 2023

Notice of Annual General Meeting (Cont'd)

Explanatory Notes:

(a) Ms Soong Wee Choo, if re-elected, will remain as a member of the Company's Nominating Committee and Remuneration Committee and will also continue to remain as the Chairman of the Audit & Risk Management Committee. Ms Soong Wee Choo will be considered as an Independent Director of the Company. Pursuant to Rule 720(6) of the Listing Manual, further information on Ms Soong Wee Choo is set out on Page 15 of the Company's Annual Report 2022.

(b) The Ordinary Resolution 8, under item 9 above, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting of the Company, to issue shares and convertible securities in the Company up to an aggregate number not exceeding 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company, of which the aggregate number issued other than on a pro rata basis to all existing shareholders of the Company shall not exceed 10% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company, as more particularly set out in the resolution.

Notes:

1. The members of the Company are invited to **attend physically** at the Twenty-Fourth Annual General Meeting ("**AGM**"). There will be no option for shareholders to participate virtually. This Notice will be sent to members by electronic means via publication on the Company's website at the http://www.qianhu.com/investor-relations/annual-reports under "Annual Report 2022" and is also made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this Notice will also be sent by post to members.

2. Members (including Central Provident Fund Investment Scheme investors ("**CPFIS Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:

   (a) attending the AGM in person;
   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
   (c) voting at the AGM
      (i) themselves personally; or
      (ii) through their duly appointed proxy(ies).

   CPFIS Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes **by 5.00 p.m. on 17 March 2023**, being seven (7) working days prior to the date of the AGM.

   Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, 1967:

   (a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

5. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

   If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:

   (a) If submitted by post, be lodged at the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902

   (b) If submitted electronically, be submitted via email to M & C Services Private Limited at GPD@mncsingapore.com

   In either case, by 11.00 a.m. on 26 March 2023, being no later than 72 hours before the time set for the AGM.

7. The Chairman of the AGM, as proxy, need not be a member of the Company.

8. Members submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM in the following manner by 5.00 p.m. on 17 March 2023:

   (a) by email to investor@qianhu.com

   (b) by post to the registered office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902

   The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet by 22 March 2023 after trading hours.

9. For questions addressed during the AGM, the responses to such questions will be included in the minutes of the AGM which will be published on the Company's corporate website and on SGXNet within three (3) working days after the AGM.

10. The Company's Annual Report 2022 dated 1 March 2023 has been published and may be accessed at the Company's corporate website at the URL http://www.qianhu.com/investor-relations/annual-reports under "Annual Report 2022" and is also made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Register of Transfer and the Register of Members of the Company will be closed on 11 April 2023 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 11 April 2023 will be registered to determine shareholders' entitlements to the said dividend.

Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 11 April 2023 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the Twenty-Fourth Annual General Meeting to be held on 29 March 2023, will be paid on 25 April 2023.

Supplemental Information On Directors Seeking Re-Election

At The 24th Annual General Meeting

[Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1]

Name of Director	Mr Kenny Yap Kim Lee	Ms Soong Wee Choo	Mr Yap Kok Cheng
Date of appointment	12 December 1998	1 April 2020	1 April 2022
Date of last re-appointment	26 March 2020	29 March 2021	Nil
Age	57	55	44
Country of principal residence	Republic of Singapore	Republic of Singapore	Republic of Singapore
Job Title	Executive Chairman	• Non-Executive Lead Independent Director • Chairperson of Audit & Risk Management Committee • Member of the Nominating Committee • Member of the Remuneration Committee	Chief Executive Officer
The Board's comments on the re-appointment	As one of the co-founders of Qian Hu Corporation Limited ("Qian Hu"), Mr Yap has in-depth institutional knowledge and business experience on the Group's operations. His leadership will continue to enhance Board deliberations and set the direction of growth for the Group. The Board considered the Nominating Committee's recommendation and assessment on Mr Yap's background, expertise and experience in the discharge of his duties as the Executive Chairman of Qian Hu and is satisfied that he will continue to provide the Board with insights into the business.	Ms Soong's extensive knowledge on financial, governance and regulatory issues will provide greater balance and diversity of skills, experience and knowledge that contribute towards the core competencies of the Board. The Board considered the Nominating Committee's recommendation and assessment on Ms Soong's background, expertise, experience, diversity of skillsets, independence and commitment in the discharge of her duties as the Lead Independent Non-Executive Director of Qian Hu and is satisfied that she will continue to contribute meaningfully to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Mr Yap's qualifications experience and knowledge in the discharge of his duties as an Executive Director of Qian Hu and is satisfied that he will continue to contribute meaningfully to the Board.
Whether appointment is executive, and if so, the area of responsibility	Yes Executive Chairman	No	Yes Chief Executive Officer
Professional qualifications	• First Class Honours Degree in Business Administration, Ohio State University, USA	• Bachelor's degree in Accountancy, National University of Singapore • Fellow member – Institute of Singapore Chartered Accountants	• Bachelor's degree in Commerce, University of New South Wales

Name of Director	Mr Kenny Yap Kim Lee	Ms Soong Wee Choo	Mr Yap Kok Cheng
Working experience and occupation(s) during the past 10 years	From 2021 to present: Executive Chairman, Qian Hu Corporation Limited From December 1998 to 2020: Executive Chairman and Managing Director, Qian Hu Corporation Limited	From 2018 to present: Director, Wizcorp Advisory Pte Ltd From 2017 to 2018: Chief Financial Officer, No Signboard Holdings Limited From 2008 to 2016: Executive Director & Chief Financial Officer, Chosen Holdings Limited	From 2021 to present: Chief Executive Officer, Qian Hu Corporation Limited From 2016 to 2020: General Manager (China Operations), Qian Hu Corporation Limited From 2005 to 2015: Management Trainee, Qian Hu Corporation Limited
Shareholding interest in the listed issuer and its subsidiaries	7,794,600 ordinary shares in Qian Hu Corporation Limited (Direct interest)	Nil	75,250 ordinary shares in Qian Hu Corporation Limited (Deemed interest through spouse)
Relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	• Substantial shareholder of Qian Hu Corporation Limited • Brother of substantial shareholders of Qian Hu Corporation Limited – Mr Yap Ping Heng, Mr Yap Hock Huat and Mr Yap Kim Chuan • Cousin of substantial shareholders of Qian Hu Corporation Limited – Mr Alvin Yap Ah Seng and Mr Andy Yap Ah Siong • Uncle of Chief Executive Officer of Qian Hu Corporation Limited – Mr Yap Kok Cheng	Nil	• Nephew of substantial shareholder and Executive Chairman of Qian Hu Corporation Limited – Mr Kenny Yap Kim Lee • Nephew of substantial shareholders of Qian Hu Corporation Limited – Mr Yap Ping Heng, Mr Yap Kim Chuan, Mr Alvin Yap Ah Seng and Mr Andy Yap Ah Siong • Son of substantial shareholder of Qian Hu Corporation Limited – Mr Yap Hock Huat
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Supplemental Information On Directors Seeking Re-Election

At The 24th Annual General Meeting (Cont'd)

[Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1]

Name of Director	Mr Kenny Yap Kim Lee	Ms Soong Wee Choo	Mr Yap Kok Cheng
Other principal commitments including directorships			
Past (for the last 5 years):	Director of Shanghai Qian Hu Aquarium and Pets Co., Ltd (disposed in FY 2018)	Nil	Nil
Present:	Director of • Qian Hu Corporation Limited (listed on SGX) • Qian Hu Tat Leng Plastic Pte. Ltd. • Qian Hu Aquarium and Pets (M) Sdn. Bhd. • Qian Hu The Pet Family (M) Sdn. Bhd. • Beijing Qian Hu Aquarium and Pets Co., Ltd • Qian Hu Marketing Co Ltd • Thai Qian Hu Company Limited • NNTL (Thailand) Limited • P.T. Qian Hu Joe Aquatic Indonesia	Director of Qian Hu Corporation Limited (listed on SGX)	Director of Qian Hu Corporation Limited (listed on SGX)

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Name of Director	Mr Kenny Yap Kim Lee	Ms Soong Wee Choo	Mr Yap Kok Cheng
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No	No

Name of Director	Mr Kenny Yap Kim Lee	Ms Soong Wee Choo	Mr Yap Kok Cheng
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No	No

Supplemental Information On Directors Seeking Re-Election

At The 24th Annual General Meeting (Cont'd)

[Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1]

Name of Director	Mr Kenny Yap Kim Lee	Ms Soong Wee Choo	Mr Yap Kok Cheng
(f) Whether at any time during the last 10 years, judgement has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he/she has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No	No

Name of Director	Mr Kenny Yap Kim Lee	Ms Soong Wee Choo	Mr Yap Kok Cheng
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No	No
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

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QIAN HU CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199806124N)

PROXY FORM

IMPORTANT:
1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "**Relevant Intermediary**").
2. For investors who have used their CPF or SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPFIS and SRS investors should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies. CPFIS and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 March 2023.
3. Please read the notes to the Proxy Form.

I/We ________________________ NRIC/Passport/Co. Registration No. ____________________

of ____

being a member/members of **QIAN HU CORPORATION LIMITED** hereby appoint

NAME	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
ADDRESS			

NAME	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
ADDRESS			

or failing the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting ("**AGM**") as *my/our *proxy/proxies to attend, speak or vote on *my/our behalf at the AGM of the Company to be held at No. 71 Jalan Lekar, Singapore 698950, on Wednesday, 29 March 2023 at 11.00 a.m. and at any adjournment thereof.

*I/We have directed *my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they will on any other matters arising at the AGM and/or at any adjournment thereof.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.

No.	Resolutions Relating To:	For	Against	Abstain
AS ORDINARY BUSINESS				
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022			
2	Payment of proposed final dividend			
3	Re-election of Mr Yap Kim Lee Kenny as director			
4	Re-election of Ms Soong Wee Choo as director			
5	Re-election of Mr Yap Kok Cheng as director			
6	Approval of directors' fees			
7	Re-appointment of KPMG LLP as auditors			
AS SPECIAL BUSINESS				
8	Authority to issue shares			

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this ____________ day of ____________ 2023.

Total Number of Shares Held

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Fold and seal here

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.
3. For any member who acts as a Relevant Intermediary pursuant to Section 181 of the Companies Act, 1967, who is either:
   a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   b) a person holding a capital markets services licence holder to provide under the Securities and Futures Act 2001 and who holds shares in that capacity; and
   c) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

   A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
   The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming AGM.
   A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.
4. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:
   (a) If submitted by post, be lodged at the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902
   (b) If submitted electronically, be submitted via email to M & C Services Private Limited at GPD@mncsingapore.com

   In either case, by 11.00 am on 26 March 2023, being no later than 72 hours before the time set for the AGM. A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.
5. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
6. The Proxy Form must be signed by the appointer or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, 1967.

General:

The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 1 March 2023.

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Affix
Postage
Stamp

M & C SERVICES PRIVATE LIMITED

Share Registrar for

Qian Hu Corporation Limited

112 Robinson Road

#05-01

Singapore 068902

Republic of Singapore

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COMPANY REGistration NO.: 199806124N
No. 71 Jalan Lekar Singapore 698950
Tel: (65) 6766 7087 Fax: (65) 6766 3995
www.qianhu.com

Singapore

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2 Woodlands Sector 1,
#03-35 Woodlands Spectrum,
Singapore 738068

Malaysia

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Kampung Baru Balakong
43300 Balakong,
Selangor, Malaysia

Qian Hu The Pet Family (M) Sdn. Bhd.
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Kampung Baru Balakong
43300 Balakong,
Selangor, Malaysia

Qian Hu Development Sdn. Bhd.
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Kampung Baru Balakong
43300 Balakong,
Selangor, Malaysia

Thailand

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Klongnueng Klongluang, Pathumthani
12120 Thailand

Thai Qian Hu Company Limited
30/25 Moo 8, Klongnueng Klongluang,
Pathumthani 12120 Thailand

Advance Aquatic Co., Ltd
30/24 Moo 8, Klongnueng Klongluang,
Pathumthani 12120 Thailand

NNTL (Thailand) Limited
30/23 Moo 8, Klongnueng Klongluang,
Pathumthani 12120 Thailand

China

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

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

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

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

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

Indonesia

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JL. Raya Brantamulya Tengsaw
No. 9 Tarik Kolot Kecamatan Citeureup Bogor,
Indonesia 16810