



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

THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS ANNOUNCEMENT

1(a) **STATEMENT OF PROFIT OR LOSS**
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

		Group			Group		
		3 months ended 30 Sep		Change	9 months ended 30 Sep		Change
		2019	2018		2019	2018	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		19,239	21,435	(10.2)	57,306	64,994	(11.8)
Cost of sales		(13,560)	(14,949)	(9.3)	(40,020)	(45,372)	(11.8)
Gross profit		5,679	6,486	(12.4)	17,286	19,622	(11.9)
Other income	i	1,322	613	115.7	3,332	1,391	139.5
		7,001	7,099	(1.4)	20,618	21,013	(1.9)
Selling & distribution expenses	ii	(688)	(536)	28.4	(1,859)	(1,650)	12.7
General & administrative expenses	ii	(5,805)	(6,134)	(5.4)	(17,580)	(18,297)	(3.9)
Reversal of (Impairment loss) on trade receivables		(27)	33	(181.8)	(25)	31	(180.6)
Results from operating activities	iii	481	462	4.1	1,154	1,097	5.2
Finance income	iv	20	2	900.0	41	5	720.0
Finance costs	iv	(147)	(138)	6.5	(452)	(379)	19.3
Profit before tax		354	326	8.6	743	723	2.8
Tax expense	v	(52)	(57)	(8.8)	(140)	(205)	(31.7)
Profit for the period		302	269	12.3	603	518	16.4
Profit attributable to:							
Owners of the Company		301	175	72.0	574	356	61.2
Non-controlling interests		1	94	(98.9)	29	162	(82.1)
Profit for the period		302	269	12.3	603	518	16.4
Gross profit margin		29.5%	30.3%		30.2%	30.2%	
Net profit margin		1.6%	1.3%		1.1%	0.8%	
Effective tax rate		14.7%	17.5%		18.8%	28.4%	



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STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	<u>Group</u>			<u>Group</u>		
	<u>3 months ended 30 Sep</u>		<u>Change</u>	<u>9 months ended 30 Sep</u>		<u>Change</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	302	269	12.3	603	518	16.4
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations, net of tax	155	51	203.9	392	283	38.5
Other comprehensive income for the period, net of tax	155	51	203.9	392	283	38.5
Total comprehensive income for the period	457	320	42.8	995	801	24.2
Total comprehensive income attributable to:						
Owners of the Company	405	188	115.4	822	407	102.0
Non-controlling interests	52	132	(60.6)	173	394	(56.1)
Total comprehensive income for the period	457	320	42.8	995	801	24.2

Notes to Statement of Profit or Loss

(i) **Other income**

Other income comprises:

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>		<u>9 months ended 30 Sep</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000	\$'000
(Loss) Gain on disposal of property, plant and equipment	(7)	32	(7)	52
Handling income (net)	1,295	545	3,265	1,222
Sundry income	34	36	74	117
	1,322	613	3,332	1,391

Handling income was derived from the handling of transshipments in relation to our aquaculture business. The increase is in line with the increase in aquaculture business activities during the current reporting periods.



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Notes to Statement of Profit or Loss (cont'd)

- (ii) **Selling & distribution expenses** – increased by \$209K or 12.7% (YTD)
increased by \$152K or 28.4% (3Q 2019)
- General & administrative expenses** – decreased by \$717K or 3.9% (YTD)
decreased by \$329K or 5.4% (3Q 2019)

With the disposal of the Group's entire equity interest in Shanghai Qian Hu Aquarium and Pets Co., Ltd (“SHQH”) in the 4th quarter of 2018, its operating expenses decreased accordingly for the nine months ended 30 September 2019 as compared to the corresponding period in 2018. The reduction was partially offset by higher personnel expenses as a result of the increase in headcount and annual salary revision. In addition, there were more expenses incurred to enhance our marketing efforts, including the participation in trade shows to promote and showcase our products.

(iii) **Profit from operations**

This is determined after charging the following:

	Group		Group	
	3 months ended 30 Sep	3 months ended 30 Sep	9 months ended 30 Sep	9 months ended 30 Sep
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration				
- auditors of the Company	33	29	91	91
- other auditors	4	4	17	12
Non-audit fees				
- other auditors	19	8	24	15
Directors' fees				
- directors of the Company	25	27	80	79
Directors' remuneration				
- directors of the Company	284	284	851	851
- directors of subsidiaries	96	94	284	280
Amortisation of intangible assets	38	37	112	105
Depreciation of				
- property, plant and equipment	635	451	2,022	1,337
- brooder stocks	60	57	180	167
Property, plant and equipment written off	2	1	2	8
Allowance for inventory obsolescence	10	-	41	44
Operating lease expenses	68	290	197	910
Personnel expenses *	3,769	3,862	11,496	11,746
Exchange (gain) loss, net	(62)	64	(207)	(9)
Change in fair value less estimated point-of-sale costs of breeder stocks	-	20	-	30

* Include directors' remuneration.



QIAN HU CORPORATION LIMITED
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Notes to Statement of Profit or Loss (cont'd)

The increase in depreciation of property, plant and equipment during the current quarter and for the nine months ended 30 September 2019 as compared to its corresponding periods in 2018 was mainly due to additional depreciation charge incurred upon the recognition of the right-of-use assets as a result of the adoption of the new Singapore Financial Reporting Standards (International) – SFRS(I) 16 *Leases*. Correspondingly, there was a decrease in operating lease expenses during the current reporting periods.
(Please refer to page 6 for more details)

(iv) **Finance income**

Finance costs

	Group		Group	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Interest expense				
- bank loans and overdrafts	130	127	394	337
- bills payable to banks	3	4	11	19
- finance lease liabilities	14	7	47	23
	147	138	452	379
Interest income				
- bank deposits	(20)	(2)	(41)	(5)
Net finance costs	127	136	411	374

The increase in interest expense by approximately 6.5% and 19.3% in the current quarter and for the nine months ended 30 September 2019 respectively as compared to the corresponding periods in 2018 was mainly due to higher interest rates charged by financial institutions during the current reporting periods.

The increase in interest expenses on finance lease liabilities was in relation to lease liabilities taken up upon the recognition of the right-of-use assets as mentioned earlier.

The increase in interest income was in line with the increase in fixed deposits during the current reporting periods.

(v) **Tax expense**

	Group		Group	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
- current year	27	57	115	205
Deferred tax				
- origination and reversal of temporary differences	25	-	25	-
	52	57	140	205



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1(b)(i) **STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	\$	\$	\$	\$
Assets				
Property, plant and equipment	9,033,105	9,535,743	4,229,139	4,488,095
Right-of-use assets	842,437	-	199,310	-
Intangible assets	3,177,213	3,288,713	3,137,213	3,228,713
Brooder stocks	10,340,457	10,520,663	10,340,457	10,520,663
Investments in subsidiaries	-	-	3,888,402	3,888,402
Trade and other receivables	8,998,265	8,998,265	8,998,265	8,998,265
Non-current assets	32,391,477	32,343,384	30,792,786	31,124,138
Breeder stocks	120,420	121,260	120,420	121,260
Inventories	14,796,602	15,863,663	5,848,835	6,646,226
Trade receivables	16,231,073	16,543,561	9,276,056	10,321,681
Other receivables, deposits and prepayments	2,950,553	3,444,150	1,541,308	1,866,870
Due from				
- subsidiaries (trade)	-	-	6,685,416	6,825,763
- subsidiaries (non-trade)	-	-	1,816,926	1,857,548
Fixed deposits	2,103,348	683,275	691,000	683,275
Cash and bank balances	12,968,618	10,808,138	8,306,789	4,990,209
Current assets	49,170,614	47,464,047	34,286,750	33,312,832
Total assets	81,562,091	79,807,431	65,079,536	64,436,970
Equity				
Share capital	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	18,283,431	17,688,335	9,348,909	9,268,764
Equity attributable to owners of the Company	49,056,219	48,461,123	40,121,697	40,041,552
Non-controlling interests	2,519,297	2,346,476	-	-
Total equity	51,575,516	50,807,599	40,121,697	40,041,552
Liabilities				
Loans and borrowings	674,418	215,515	256,777	148,246
Deferred tax liabilities	70,642	45,595	-	-
Non-current liabilities	745,060	261,110	256,777	148,246
Trade payables	6,085,796	7,177,536	1,958,671	3,029,951
Other payables and accruals	5,525,154	3,880,274	4,269,768	2,768,216
Due to				
- subsidiaries (trade)	-	-	381,033	249,541
- subsidiaries (non-trade)	-	-	1,085,466	785,646
Loans and borrowings	17,285,619	17,330,590	16,798,667	17,206,361
Current tax payable	344,946	350,322	207,457	207,457
Current liabilities	29,241,515	28,738,722	24,701,062	24,247,172
Total liabilities	29,986,575	28,999,832	24,957,839	24,395,418
Total equity and liabilities	81,562,091	79,807,431	65,079,536	64,436,970



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1(b)(i) **STATEMENTS OF FINANCIAL POSITION (cont'd)**

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Inventory turnover (days)	105	97	91	77
Trade receivables turnover (days)	114	103	170	145
Trade receivables turnover (days) (without GZQH balances)	72	67	85	72
Debt equity ratio	0.58	0.57	0.62	0.61

Note - With the disposal of Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”), a former subsidiary of the Group, in December 2011, the Group’s and the Company’s trade balances with GZQH have been reclassified as trade receivables. Accordingly, it has resulted in a higher trade receivables turnover days.

Notes to Statements of Financial Position

- (1) The Group has adopted the new Singapore Financial Reporting Standards (International) (“SFRS(I)”) 16 *Leases*, which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lessee accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognise a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group and the Company has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The ROU assets as at 30 September 2019 were mainly related to leases of the offices, warehouses, retail spaces and farm facilities occupied by the Group in the various locations. Accordingly, there was a corresponding increase in finance lease liabilities (included in loans and borrowings) of approximately \$0.9 million as at 30 September 2019.

- (2) Intangible assets comprise:

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	\$	\$	\$	\$
Trademarks/customer acquisition costs/formulation rights	4,051,497	4,051,497	3,971,497	3,971,497
Product listing fees	196,153	196,153	196,153	196,153
	4,247,650	4,247,650	4,167,650	4,167,650
Less accumulated amortisation	(1,070,437)	(958,937)	(1,030,437)	(938,937)
	3,177,213	3,288,713	3,137,213	3,228,713



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Notes to Statements of Financial Position (cont'd)

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

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

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

(3) The details of subsidiaries are as follows:

Name of subsidiary	Effective equity interest held by the Group		Cost of investment by the Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	%	%	\$	\$
Qian Hu Tat Leng Plastic Pte Ltd (Singapore)	100	100	57,050	57,050
Qian Hu Aquarium and Pets (M) Sdn Bhd and its subsidiary: (Malaysia)	100	100	171,951	171,951
- Qian Hu The Pet Family (M) Sdn Bhd (Malaysia)	100	100	-	-
Qian Hu Development Sdn Bhd (Malaysia)	100	100	16,000	16,000
Beijing Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	171,824	171,824
Guangzhou Qian Hu OF Feed Co., Ltd (People's Republic of China)	100	100	126,170	126,170
Guangzhou Qian Hu Aquarium and Pets Co., Ltd (People's Republic of China)	100	100	69,000	69,000
Qian Hu Aquaculture (Hainan) Co., Ltd (People's Republic of China)	100	100	1,240,393	1,240,393
Tian Tian Fisheries (Hainan) Co., Ltd (People's Republic of China)	60	60	377,683	377,683
Qian Hu Marketing Co Ltd (Thailand)	74	74	148,262	148,262
		Balance carried forward	2,378,333	2,378,333



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Notes to Statements of Financial Position (cont'd)

Name of subsidiary	Effective equity interest held by the Group		Cost of investment by the Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	%	%	\$	\$
	Balance brought forward		2,378,333	2,378,333
Thai Qian Hu Company Limited and its subsidiary: (Thailand)	60	60	121,554	121,554
- Advance Aquatic Co., Ltd (Thailand)	60	60	-	-
NNTL (Thailand) Limited (Thailand)	49 *	49 *	30,999	30,999
P.T. Qian Hu Joe Aquatic Indonesia (Indonesia)	97.25	97.25	1,357,516	1,357,516
			<u>3,888,402</u>	<u>3,888,402</u>

* The Company has voting control at general meetings & Board meetings of NNTL (Thailand) Limited.

As part of the Group's strategic plan to streamline its existing accessories operations in China, the Company has entered into a Sale and Purchase Agreement to acquire the entire equity interest in Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("GZQH"), a former subsidiary of the Group. The rationale of the acquisition was disclosed in the SGXNET announcement released on 22 March 2019.

As mentioned in the SGXNET announcement, the GZQH acquisition is subject to the completion of all legal and financial due diligence on GZQH, the results of which must be satisfactory to Qian Hu, as well as the necessary approval from all relevant regulatory authorities. Upon the successful completion of the acquisition, GZQH will become a wholly-owned subsidiary of the Company.

- (4) Trade and other receivables (non-current) relates to amount due from GZQH. Based on a repayment arrangement entered into with GZQH in FY 2018, \$1.0 million of the receivables as at 31 December 2018 is due on 31 December 2019 and the remaining amount of \$9.0 million is not expected to be repaid within the next 12 months.

The recoverability of the amount due from GZQH of approximately \$7.3 million (31/12/2018: \$7.3 million) is guaranteed by a major shareholder of the Company and a director of the Company.

- (5) Breeder stocks are off-springs of the brooder stocks, held for trading purposes. As at the reporting date, these stocks are measured based on their fair value, which are determined based on the age, breed and genetic merit of similar fish that can be purchased from another supplier. The marginal decrease in breeder stocks balance as at 30 September 2019 was mainly due to difference in quantity, valuation and product mix in relation to the breeder stocks held as at both reporting dates.



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

Notes to Statements of Financial Position (cont'd)

(6) Inventories comprise:

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	\$	\$	\$	\$
Fish	2,426,557	3,295,601	1,390,081	1,871,894
Accessories	11,719,082	12,013,991	4,774,754	5,049,832
Plastics products - raw materials	440,109	308,458	-	-
Plastics products - finished goods	620,644	614,903	-	-
	15,206,392	16,232,953	6,164,835	6,921,726
Less allowance for inventory obsolescence	(409,790)	(369,290)	(316,000)	(275,500)
	14,796,602	15,863,663	5,848,835	6,646,226

The decrease in fish inventory as at 30 September 2019 was mainly a result of downsizing of our Dragon Fish activities while the decrease in accessories inventory balance was due to the consolidation of the various China accessories operations into a single location with the intention to attain a more efficient and effective inventory management and logistic system.

(7) Trade receivables comprise:

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	\$	\$	\$	\$
Trade receivables	17,247,706	18,027,466	9,896,322	11,418,648
Less allowance for impairment loss	(1,016,633)	(1,483,905)	(620,266)	(1,096,967)
	16,231,073	16,543,561	9,276,056	10,321,681

(8) Other receivables, deposits and prepayments comprise:

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	\$	\$	\$	\$
Other receivables	1,232,904	1,569,898	979,976	1,390,345
Deposits	375,734	342,966	60,282	56,697
Prepayments	832,466	933,785	152,400	165,003
Advances to suppliers	417,940	304,498	348,650	254,825
Deposits for purchase of property, plant and equipment	-	222,666	-	-
Tax recoverable	91,509	70,337	-	-
	2,950,553	3,444,150	1,541,308	1,866,870



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(Company Registration No. : 199806124N)

Notes to Statements of Financial Position (cont'd)

The decrease in other receivables, deposits and prepayments balance as at 30 September 2019 was mainly due to:-

- decrease in deposits for purchase of property, plant and equipment, which was mainly in relation to the infrastructure construction work undertaken by our Hainan and Thailand subsidiaries. The amount has been capitalised as property, plant and equipment upon the completion of the construction work; and
- decrease in other receivables as a result of the receipt of proceeds arising from the disposal of SHQH.

(9) Other payables and accruals comprise:

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>
	\$	\$	\$	\$
Accrued operating expenses	846,329	439,799	583,114	322,934
Accrued staff costs	2,172,475	1,482,211	1,734,668	1,054,961
Other payables	2,128,790	1,681,913	1,702,469	1,149,306
Advance received from customers	377,560	276,351	249,517	241,015
	<u>5,525,154</u>	<u>3,880,274</u>	<u>4,269,768</u>	<u>2,768,216</u>

The increase in other payables and accruals as at 30 September 2019 was mainly due to the increase in payments due to non-trade suppliers as well as the increase in accruals for staff costs and operating expenses.

1(b)(ii) **GROUP BORROWINGS**

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>
	\$	\$	\$	\$
Non-current liabilities				
Finance lease liabilities	674,418	215,515	256,777	148,246
	<u>674,418</u>	<u>215,515</u>	<u>256,777</u>	<u>148,246</u>
Current liabilities				
Short-term loans (unsecured)	16,250,000	16,700,000	16,250,000	16,700,000
Bills payable to banks (unsecured)	443,991	407,351	339,707	370,630
Finance lease liabilities	591,628	223,239	208,960	135,731
	<u>17,285,619</u>	<u>17,330,590</u>	<u>16,798,667</u>	<u>17,206,361</u>
Total borrowings	<u>17,960,037</u>	<u>17,546,105</u>	<u>17,055,444</u>	<u>17,354,607</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 2.84% to 3.00% (31/12/2018: 2.53% to 3.00%) per annum and are repayable within the next 12 months from the reporting date.

As at 30 September 2019, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.7 million (31/12/2018: \$1.7 million).



QIAN HU CORPORATION LIMITED
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1(c) **STATEMENT OF CASH FLOWS**
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	Group		Group	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash flows from operating activities				
Profit before tax	353,476	325,220	742,830	722,501
Adjustments for:				
Depreciation of				
- property, plant and equipment	634,941	451,109	2,022,080	1,337,039
- brooder stocks	60,070	57,530	180,206	167,336
Amortisation of intangible assets	37,167	37,166	111,500	104,833
Loss (Gain) on disposal of				
property, plant and equipment	7,808	(32,513)	7,371	(52,251)
Property, plant and equipment written off	2,044	967	2,084	8,122
Change in fair value less estimated				
point-of-sale costs of breeder stocks	-	20,000	-	30,000
(Reversal of) Impairment loss on				
trade receivables	27,183	(33,692)	25,058	(31,219)
Allowance for inventory obsolescence	10,000	-	40,500	43,500
Interest expense	147,207	137,222	452,097	378,341
Interest income	(19,717)	(1,239)	(41,190)	(4,905)
Operating profit before working capital changes	1,260,179	961,770	3,542,536	2,703,297
(Increase) Decrease in:				
Inventories	4,276	467,458	1,141,115	(676,479)
Breeder stocks	(120)	(21,450)	840	(33,210)
Trade receivables	(2,713)	(704,973)	345,193	(1,156,616)
Other receivables, deposits and prepayments	35,372	210,613	562,702	(111,335)
Increase (Decrease) in:				
Trade payables	(285,852)	(341,135)	(1,070,011)	(363,251)
Bills payable to banks	171,750	(27,265)	36,528	(398,278)
Other payables and accruals	725,233	798,833	1,624,551	(1,003,893)
Cash generated from (used in) operating activities	1,908,125	1,343,851	6,183,454	(1,039,765)
Tax paid	(9,304)	(42,651)	(142,841)	(184,009)
Net cash from (used in) operating activities	1,898,821	1,301,200	6,040,613	(1,223,774)
Cash flows from investing activities				
Purchase of				
- property, plant and equipment	(156,967)	(235,500)	(758,710)	(785,162)
- intangible asset	-	-	-	(80,000)
Proceeds from disposal of				
property, plant and equipment	19,238	37,726	38,526	70,447
Interest received	19,717	1,239	41,190	4,905
Net cash used in investing activities	(118,012)	(196,535)	(678,994)	(789,810)



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

1(c) **STATEMENT OF CASH FLOWS**
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019 (cont'd)

	Group		Group	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2019	2018	2019	2018
	\$	\$	\$	\$
Net cash used in investing activities				
Drawdown of bank term loans	-	-	-	2,200,000
Capital contribution from non-controlling interests	-	-	-	247,200
Repayment of				
- finance lease liabilities	(168,358)	(57,342)	(710,906)	(188,147)
- bank term loans	(150,000)	(178,224)	(450,000)	(417,680)
Payment of dividends to				
- owners of the Company	-	-	(227,052)	(227,052)
- non-controlling interests	-	-	-	(84,600)
Interest paid	(146,085)	(135,348)	(449,125)	(372,167)
Net cash (used in) from financing activities	(464,443)	(370,914)	(1,837,083)	1,157,554
Net increase (decrease) in cash and cash equivalents	1,316,366	733,751	3,524,536	(856,030)
Cash and cash equivalents at beginning of period	13,725,685	9,565,044	11,491,413	11,123,954
Effect of exchange rate changes on cash balances held in foreign currencies	29,915	(60,782)	56,017	(29,911)
Cash and cash equivalents at end of period (Note i)	15,071,966	10,238,013	15,071,966	10,238,013

Notes to Statement of Cash Flows

(i) Cash and cash equivalents comprise:

	Group	
	30 Sep 2019	30 Sep 2018
	\$	\$
Fixed deposits	2,103,348	-
Cash and bank balances	12,968,618	10,238,013
	15,071,966	10,238,013

(ii) The improvement in **net cash from operating activities** in the current quarter and for the nine months ended 30 September 2019 as compared to the corresponding periods in 2018 was mainly due to lower inventory held and the realisation of receivables into cash during the periods.

Net cash used in investing activities was mainly related to capital expenditure incurred for on-going enhancements to farm facilities in Singapore and overseas, as well as the infrastructure construction work for our new aquaculture business.

Net cash used in financing activities was for the settlement of bank loans and finance lease liabilities, 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 2019.



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

1(d)(i) **STATEMENTS OF CHANGES IN EQUITY**

Group	Attributable to owners of the Company				Non-Controlling interests	Total Equity
	Share capital	Retained earnings	Translation reserve	Total		
	\$	\$	\$	\$	\$	\$
Balance at 1 Jan 2018	30,772,788	18,101,960	43,720	48,918,468	2,716,178	51,634,646
Effect on adoption of SFRS(I) 9 (Note 1)	-	(722,340)	-	(722,340)	(65,660)	(788,000)
Total comprehensive income for the year						
Profit for the year	-	401,791	-	401,791	166,687	568,478
Other comprehensive income						
Foreign currency translation differences for foreign operations, net of tax	-	-	90,256	90,256	(709,529)	(619,273)
Total other comprehensive income	-	-	90,256	90,256	(709,529)	(619,273)
Total comprehensive income for the year	-	401,791	90,256	492,047	(542,842)	(50,795)
Transactions with owners, recognised directly in equity						
Distributions to owners						
Payment of first and final dividend	-	(227,052)	-	(227,052)	-	(227,052)
Total distributions to owners	-	(227,052)	-	(227,052)	-	(227,052)
Changes in ownership interests						
Incorporation of subsidiary with non-controlling interests	-	-	-	-	238,800	238,800
Total changes in ownership interests	-	-	-	-	238,800	238,800
Total transactions with owners	-	(227,052)	-	(227,052)	238,800	11,748
Balance at 31 Dec 2018	30,772,788	17,554,359	133,976	48,461,123	2,346,476	50,807,599
Total comprehensive income for the period						
Profit for the period	-	574,299	-	574,299	28,782	603,081
Other comprehensive income						
Foreign currency translation differences for foreign operations, net of tax	-	-	247,849	247,849	144,039	391,888
Total other comprehensive income	-	-	247,849	247,849	144,039	391,888
Total comprehensive income for the period	-	574,299	247,849	822,148	172,821	994,969
Transactions with owners, recognised directly in equity						
Distributions to owners						
Payment of first and final dividend	-	(227,052)	-	(227,052)	-	(227,052)
Total transactions with owners	-	(227,052)	-	(227,052)	-	(227,052)
Balance at 30 Sep 2019	30,772,788	17,901,606	381,825	49,056,219	2,519,297	51,575,516

Note 1 –

SFRS(I) 9 *Financial Instruments* which took effect for the financial year ended 31 December 2018 replaced the current ‘incurred loss’ model with a forward-looking expected credit loss (“ECL”) model. The new impairment model applies to financial assets measured at amortised cost or fair value through other comprehensive income (“FVOCI”), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.



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

1(d)(i) **STATEMENTS OF CHANGES IN EQUITY (cont'd)**

In compliance with SFRS(I) 9, the Group has applied the simplified approach and has recorded the amount of loss allowance on all trade and other receivables by ascertaining the amount of ECLs that would result from all possible default events over the expected life of a financial instrument (lifetime ECLs). Based on the assessment made, there was an increase in impairment for trade and other receivables of approximately \$0.8 million and \$0.4 million for the Group and for the Company respectively as at 1 January 2018 with the adoption of SFRS(I) 9.

The changes in accounting policies resulting from the adoption of SFRS(I) 9 has been applied by the Group and the Company retrospectively. However, the Group and the Company have adopted the exemption in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards* allowing it not to restate the comparative information in the FY 2018 financial statements. The differences in the carrying amounts of financial assets resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Company	Share capital	Retained earnings	Translation reserve	Total
	\$	\$	\$	\$
Balance at 1 Jan 2018	30,772,788	9,668,079	9,305	40,450,172
Effect on adoption of SFRS(I) 9 (Note 1)	-	(401,000)	-	(401,000)
Total comprehensive income for the year				
Profit for the year	-	200,765	-	200,765
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	-	-	18,667	18,667
Total other comprehensive income	-	-	18,667	18,667
Total comprehensive income for the year	-	200,765	18,667	219,432
Transactions with owners, recognised directly in equity				
Distributions to owners				
Payment of first and final dividend	-	(227,052)	-	(227,052)
Total transactions with owners	-	(227,052)	-	(227,052)
Balance at 31 Dec 2018	30,772,788	9,240,792	27,972	40,041,552
Total comprehensive income for the period				
Profit for the period	-	279,086	-	279,086
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	-	-	28,111	28,111
Total other comprehensive income	-	-	28,111	28,111
Total comprehensive income for the period	-	279,086	28,111	307,197
Transactions with owners, recognised directly in equity				
Distributions to owners				
Payment of first and final dividend	-	(227,052)	-	(227,052)
Total transactions with owners	-	(227,052)	-	(227,052)
Balance at 30 Sep 2019	30,772,788	9,292,826	56,083	40,121,697



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

1(d)(ii) **CHANGES IN COMPANY'S SHARE CAPITAL**

	Number of shares	\$
Share capital		
Ordinary shares issued and fully paid		
Balance as at 1 Jan 2019 and 30 Sep 2019	<u>113,526,467</u>	<u>30,772,788</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2018.

There were no outstanding convertibles as at 30 September 2019 (30/9/2018: Nil).

The Company did not hold any treasury shares as at 30 September 2019 (30/9/2018: Nil). There were no sale, transfer, disposal, cancellation and use of treasury shares during the nine months ended 30 September 2019.

1(e) **NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the third quarter and nine months ended 30 September 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

KENNY YAP KIM LEE
Executive Chairman and
Managing Director

ALVIN YAP AH SENG
Deputy Managing Director

Singapore
16 October 2019

1(f) **CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS**

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

2 **AUDIT**

The financial statements have not been audited or reviewed by the Company's auditors.

3 **AUDITORS' REPORT**

Not applicable



QIAN HU CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. : 199806124N)

4 ACCOUNTING POLICIES

Other than the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2018.

5 CHANGES IN ACCOUNTING POLICIES

During the current financial year, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 3 and SFRS(I) 11 *Previously Held Interest in a Joint Operation*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-12 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 1-23 *Borrowing Costs Eligible for Capitalisation*
- Amendments to SFRS(I) 1-28 *Long-Term Interests in Associates and Joint Ventures*

The adoption of the above new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2019. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

Please refer to page 6 for further details on the quantum of the adjustment made in relation to SFRS(I) 16.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>		<u>9 months ended 30 Sep</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Earnings Per Ordinary Share (based on consolidated net profit attributable to owners)				
- on weighted average number of ordinary shares on issue (cents)	0.27	0.15	0.51	0.31
- on a fully diluted basis (cents)	0.27	0.15	0.51	0.31

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue of 113,526,467 for both periods.

There is no difference between the basic and diluted earnings per share.



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

7 **NET ASSET VALUE PER SHARE**

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	45.43	44.75	35.34	35.27

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

8 **REVIEW OF GROUP PERFORMANCE**

(a) **Revenue**

9 months 2019 vs 9 months 2018

	<u>Group</u>		<u>Increase (Decrease)</u>	
	<u>9 months ended 30 Sep 2019</u>	<u>2018</u>	<u>\$'000</u>	<u>%</u>
Fish	23,535	27,057	(3,522)	(13.0)
Accessories	25,022	29,294	(4,272)	(14.6)
Plastics	8,749	8,643	106	1.2
	<u>57,306</u>	<u>64,994</u>	<u>(7,688)</u>	<u>(11.8)</u>

For the nine months ended 30 September 2019, the fish and accessories activities continued to be our core business segments, which together accounted for approximately 84.7% of the total revenue. Our overall revenue registered of \$57.3 million for the nine months ended 30 September 2019 was approximately \$7.7 million or 11.8% lower than that of its corresponding period in 2018.

On a geographical basis, revenue from Singapore grew marginally by 0.4% for the nine months ended 30 September 2019, while revenue from overseas dipped by approximately 16.8% as compared to its corresponding period in 2018.

3Q 2019 vs 3Q 2018

	<u>Group</u>		<u>Decrease</u>	
	<u>3Q 2019</u>	<u>3Q 2018</u>	<u>\$'000</u>	<u>%</u>
Fish	7,538	8,621	(1,083)	(12.6)
Accessories	8,605	9,710	(1,105)	(11.4)
Plastics	3,096	3,104	(8)	(0.3)
	<u>19,239</u>	<u>21,435</u>	<u>(2,196)</u>	<u>(10.2)</u>

Our overall revenue decreased by approximately \$2.2 million or 10.2% in the 3rd quarter of 2019 as compared to its corresponding period in 2018. All business segments registered a reduction in revenue contributions during the current quarter.



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

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(a) **Revenue (cont'd)**

3Q 2019 vs 3Q 2018 (cont'd)

Fish

With the improved revenue generated from the aquaculture business in the Hainan Province (China), as well as our continuous efforts to increase our export of ornamental fish by diversifying to more customers and more countries around the world from our export hubs in Singapore, Malaysia, Thailand and Indonesia, it had given rise to a positive growth in our fish revenue contribution. The improvement, however, was offset by the intense price competition from the sales of Dragon Fish since the previous financial year, which had resulted in a continuous decline in its selling price throughout the year. This had, to some extent, affected the overall fish revenue contribution in the current quarter as compared to its corresponding period in 2018.

Nonetheless, with more efforts focused on the emerging aquaculture business, we envisage that the revenue and profitability of the Group's fish business will gradually revive in the coming quarters.

Accessories

The revenue contribution from our accessories business decreased by approximately \$1.1 million or 11.4% in the current quarter as compared to its corresponding period in 2018. This was mainly a result of the disposal of our subsidiary in Shanghai during the 4th quarter of 2018, with the intention to consolidate and streamline the Group's accessories operations in China, so as to trim down operating costs and work towards a more efficient and effective inventory management and logistic system.

In addition, despite our conscientious efforts made to focus on selling more of our proprietary brand of innovative products, our revenue from the accessories export activities was affected by the weakening purchasing sentiments experienced globally. Our customers grew to be more vigilant in their procurement requirements citing the volatility of the trading currencies and sentiments were further compounded by the unpredictable outcome of the on-going trade tension during the current quarter.

Plastics

Revenue from our plastic business remained relatively consistent in the current quarter, comparable to that of the corresponding period in 2018.

3Q 2019 vs 2Q 2019

	Group		Increase (Decrease)	
	3Q 2019	2Q 2019		
Fish	7,538	7,619	(81)	(1.1)
Accessories	8,605	8,803	(198)	(2.2)
Plastics	3,096	2,793	303	10.8
	19,239	19,215	24	0.1



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

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(a) **Revenue (cont'd)**

3Q 2019 vs 2Q 2019 (cont'd)

Although the revenue from our fish and accessories activities registered a reduction of \$0.1 million and \$0.2 million quarter-on-quarter respectively, the increase in our plastics revenue by approximately \$0.3 million has resulted in flat growth in overall revenue in the current quarter as compared to the previous quarter.

Fish

Moving into 3rd quarter of 2019, despite improved revenue generated from the aquaculture business in the Hainan Province (China), we saw a marginally reduction in our fish revenue contribution by \$0.1 million or 1.1% as compared to the previous quarter. This is mainly due to the summer holidays in Europe, which started in June and will extend till early September. Our ornamental fish export was affected as it has been the norm that our European customers will mostly take off for their own vacation and do not actively make ornamental fish related purchases during the duration of the holiday season.

Accessories

During the current quarter, revenue from our accessories business dipped by approximately \$0.2 million or 2.2% as compared to the previous quarter. The reduction was mainly due to lower revenue contribution registered by the accessories export activities as a result of the weakening purchasing sentiments experienced globally. Our customers grew to be more vigilant in their procurement requirements citing the volatility of the trading currencies and sentiments were further compounded by the unpredictable outcome of the on-going trade tension since the previous quarters.

Plastics

Revenue from plastics activities continued its growth momentum into the 3rd quarter of 2019. With the enlarged customer base and the sales of more varieties of plastic products, the revenue contribution from our plastic activities managed to register a steady increase of approximately \$0.3 million or 10.8% in the current quarter as compared to the previous quarter.

(b) **Profitability**

9 months 2019 vs 9 months 2018

	<u>Group</u>		<u>Increase</u>	
	<u>9 months ended 30 Sep</u>		<u>(Decrease)</u>	
	<u>2019</u>	<u>2018</u>	<u>\$'000</u>	<u>%</u>
	\$'000	\$'000	\$'000	%
Fish	1,385	1,223	162	13.2
Accessories	1,095	1,322	(227)	(17.2)
Plastics	772	526	246	46.8
Unallocated corporate expenses	(2,509)	(2,348)	(161)	(6.9)
	<u>743</u>	<u>723</u>	<u>20</u>	<u>2.8</u>

Despite the lower revenue contribution registered, our overall operating profit for the nine months ended 30 September 2019 was comparable to its corresponding period in 2018. The decline in profitability from our accessories business was offset by the considerable improvement in profit generated from our plastics business.



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

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(b) **Profitability (cont'd)**

3Q 2019 vs 3Q 2018

	Group		Increase (Decrease)	
	3Q 2019	3Q 2018		
	\$'000	\$'000	\$'000	%
Fish	560	480	80	16.7
Accessories	345	429	(84)	(19.6)
Plastics	299	186	113	60.8
Unallocated corporate expenses	(850)	(769)	(81)	(10.5)
	354	326	28	8.6

Notwithstanding the higher profit contribution from our plastic business, the reduction in operating profit generated from the accessories business segment has partially slashed the profitability registered in the 3rd quarter of 2019 as compared to its corresponding period in 2018.

Fish

Despite the lower revenue contribution in the current quarter, the improved profit margins and the difference in sales mix recorded in both periods (by focusing more on the aquaculture business while gradually downsizing our Dragon Fish activities) had given rise to the improvement in profit contribution from the fish business by approximately \$0.1 million or 16.7% in the 3rd quarter of 2019 as compared to the corresponding period in 2018.

Accessories

Operating profit from our accessories business decreased by approximately \$0.1 million or 19.6% in the current quarter as compared to the corresponding period in 2018 due to lower revenue contribution mainly a result of the disposal of our subsidiary in Shanghai during the 4th quarter of 2018, with the intention to consolidate and streamline the Group's accessories operations in China, as well as our on-going efforts to capture more sales, which had sliced off the profit margin of our accessories business in the current quarter.

Plastics

With stable revenue contribution in the current quarter, the improved profit margins and the difference in sales mix recorded in both periods had given rise to the surge in profit contribution from the plastics business by approximately \$0.1 million or 60.8% in the 3rd quarter of 2019 as compared to the corresponding period in 2018.

Unallocated corporate expenses

These were staff costs and corporate/administrative expenses incurred in relation to the overseeing of both the Group's local and overseas operations.



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

8 **REVIEW OF GROUP PERFORMANCE (cont'd)**

(b) **Profitability (cont'd)**

3Q 2019 vs 2Q 2019

	<u>Group</u>		Increase	
	3Q	2Q	(Decrease)	
	2019	2019	\$'000	%
	\$'000	\$'000		
Fish	560	588	(28)	(4.8)
Accessories	345	429	(84)	(19.6)
Plastics	299	254	45	17.7
Unallocated corporate expenses	(850)	(950)	100	10.5
	<u>354</u>	<u>321</u>	<u>33</u>	<u>10.3</u>

Fish

The marginal decrease in profitability from our fish business in the current quarter as compared to the previous quarter was in line with the reduction in revenue contribution.

Accessories

The shrink in operating profit from our accessories business by \$0.1 million or 19.6% in the 3rd quarter of 2019 as compared to the previous quarter was mainly due to lower revenue contribution, as well as our on-going efforts to capture more sales, which had sliced off the profit margin of our accessories business in the current quarter.

Plastics

The profitability of the plastics business was lifted by the improved profit margins due to the difference in sales mix recorded in both quarters, coupled with the improved revenue contribution in the current quarter, as compared to the previous quarter in 2019.

9 **VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement.

10 **PROSPECTS**

The visions of our Group are:

- to be the world's Number 1 ornamental fish exporter;
- to breed Ornamental Fish of the highest value;
- to establish our "Ocean Free" and "OF" brands as the most recognisable amongst aquarium accessories brands in Asia;
- to be an innovative technology company; and
- to produce antibiotic-free, sustainable edible fish for the benefit of our consumers and the environment.

The above-mentioned visions of the Group were announced in detail in our Full Year Financial Statements and Dividend Announcement dated 11 January 2019.



QIAN HU CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. : 199806124N)

10 PROSPECTS (cont'd)

The business landscape continues to be challenging, requiring us to be continually innovative, nimble and agile. We believe that we have the right combination of quality products, an innovative and creative mindset, a strategic roadmap and a strong business network that will drive our performance. Over the years, we have shown ourselves to be resilient, sparing no effort to transform ourselves so as to stay ahead of the competition and to strengthen our business fundamentals. We will continue to focus on innovation to expand our pipeline of compelling products particularly in the areas of filtration, fish nutrition and genetic breeding of unique Dragon Fish, as well as the sustainable farming of edible fish fingerlings for the China consumer market while actively increasing the number of export markets for seafood products. These initiatives will continue to position us favourably as we move ahead to achieve our vision of being the world's largest ornamental fish company.

11 DIVIDEND

No interim dividend for the nine months ended 30 September 2019 is recommended.

12 INTERESTED PERSON TRANSACTIONS

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

During the financial period, there were interested person transactions based on terms agreed between the parties as follows:-

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>	<u>30 Sep 2018</u>	<u>9 months ended 30 Sep</u>	<u>30 Sep 2018</u>
	<u>30 Sep 2019</u>	<u>30 Sep 2018</u>	<u>30 Sep 2019</u>	<u>30 Sep 2018</u>
	\$	\$	\$	\$
Guarantee fee paid to a major shareholder of the Company *	9,000	8,900	27,000	27,000
Consultancy fees paid to a company in which a director has a substantial interest	-	-	8,300	8,300

* The Group and the Company are charged a guarantee fee of 0.5% per annum on the average balance of the outstanding amounts due from GZQH, a former subsidiary. The guarantee fee is payable to a major shareholder of the Company, for guaranteeing the payment of the outstanding amounts.

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group during the third quarter and the nine months ended 30 September 2019.



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

13 **SEGMENT INFORMATION**

(a) **Business segments**

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

The Group's activities comprise the following reportable segments:

- (i) Fish - includes fish farming, breeding, distribution and trading of ornamental and edible fish;
- (ii) Accessories - includes manufacturing and distribution of aquarium and pet accessories;
- (iii) Plastics - includes manufacturing and distribution of plastic bags; and
- (iv) Others - includes Corporate Office and consolidation adjustments which are not directly attributable to a particular business segment above.

Group	9 months ended 30 Sep 2019				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	23,535	25,022	8,749	-	57,306
Inter-segment revenue	1,161	2,373	139	(3,673)	-
Total Revenue	24,696	27,395	8,888	(3,673)	57,306
Results					
EBITDA *	2,533	1,996	1,080	(2,141)	3,468
Depreciation and amortisation	(1,152)	(855)	(307)	-	(2,314)
Interest expense	(10)	(47)	(1)	(394)	(452)
Interest income	14	1	-	26	41
Profit before tax	1,385	1,095	772	(2,509)	743
Tax expense	(43)	(22)	(75)	-	(140)
Profit for the period	1,342	1,073	697	(2,509)	603
Net profit margin	5.7%	4.3%	8.0%		1.1%
Assets and Liabilities					
Segment assets	38,513	36,023	5,569	1,457	81,562
Segment liabilities	5,650	5,340	2,124	16,873	29,987
Other Segment Information					
Expenditures for non-current assets **	477	282	108	-	867
Other non-cash items:					
(Gain) Loss on disposal of property, plant and equipment	(6)	11	2	-	7
Property, plant and equipment written off	-	2	-	-	2
(Reversal of) Impairment loss on trade receivables	(42)	67	-	-	25
Allowance for inventory obsolescence	-	41	-	-	41

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

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



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

13 **SEGMENT INFORMATION (cont'd)**

(a) **Business segments (cont'd)**

Group	9 months ended 30 Sep 2018				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	27,057	29,294	8,643	-	64,994
Inter-segment revenue	1,742	3,615	121	(5,478)	-
Total Revenue	28,799	32,909	8,764	(5,478)	64,994
Results					
EBITDA *	2,262	1,763	694	(2,013)	2,706
Depreciation and amortisation	(1,029)	(413)	(167)	-	(1,609)
Interest expense	(13)	(30)	(1)	(335)	(379)
Interest income	3	2	-	-	5
Profit before tax	1,223	1,322	526	(2,348)	723
Tax expense	(102)	(103)	-	-	(205)
Profit for the period	1,121	1,219	526	(2,348)	518
Net profit margin	4.1%	4.2%	6.1%		0.8%
Assets and Liabilities					
Segment assets	38,892	36,931	5,154	447	81,424
Segment liabilities	5,546	5,046	2,137	17,274	30,003
Other Segment Information					
Expenditures for non-current assets **	183	458	433	-	1,074
Other non-cash items:					
Gain on disposal of property, plant and equipment	(27)	(20)	(5)	-	(52)
Property, plant and equipment written off	-	8	-	-	8
(Reversal of) Impairment loss on trade receivables	(55)	24	-	-	(31)
Allowance for inventory obsolescence	-	44	-	-	44
Change in fair value less estimated point-of-sale costs of breeder stocks	30	-	-	-	30

(b) **Geographical segments**

Geographical segments are analysed by four principal geographical areas, namely Singapore, Asia, Europe and Others (i.e. the rest of the world).

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers which the sales are made to regardless of where the sales originate. Segment non-current assets and total assets are based on the geographical location of the assets.



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

13 **SEGMENT INFORMATION (cont'd)**

(b) **Geographical segments (cont'd)**

Group	Revenue		Segment non-current assets		Segment assets	
	9 months ended 30 Sep		9 months ended 30 Sep		9 months ended 30 Sep	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	18,771	18,698	27,490	27,939	57,320	53,770
Other Asian countries	27,907	34,498	4,901	5,533	24,242	27,654
Europe	5,426	6,205	-	-	-	-
Others	5,202	5,593	-	-	-	-
Total	57,306	64,994	32,391	33,472	81,562	81,424

(c) **Major customers**

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

14 **BREAKDOWN OF REVENUE**

Group	Fish \$'000	Accessories \$'000	Plastics \$'000	Total \$'000
3Q 2019				
Singapore (including domestic sales & sales to Singapore)	1,240	2,271	2,941	6,452
Overseas (including export to & sales in overseas)	6,298	6,334	155	12,787
Total revenue	7,538	8,605	3,096	19,239
3Q 2018				
Singapore	1,197	2,381	2,980	6,558
Overseas	7,424	7,329	124	14,877
Total revenue	8,621	9,710	3,104	21,435
9 months ended 30 Sep 2019				
Singapore (including domestic sales & sales to Singapore)	3,514	6,812	8,445	18,771
Overseas (including export to & sales in overseas)	20,021	18,210	304	38,535
Total revenue	23,535	25,022	8,749	57,306
9 months ended 30 Sep 2018				
Singapore	3,652	6,707	8,339	18,698
Overseas	23,405	22,587	304	46,296
Total revenue	27,057	29,294	8,643	64,994

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman and Managing Director
16 October 2019