Strengthening Fundamentals

QIAN HU 仟湖

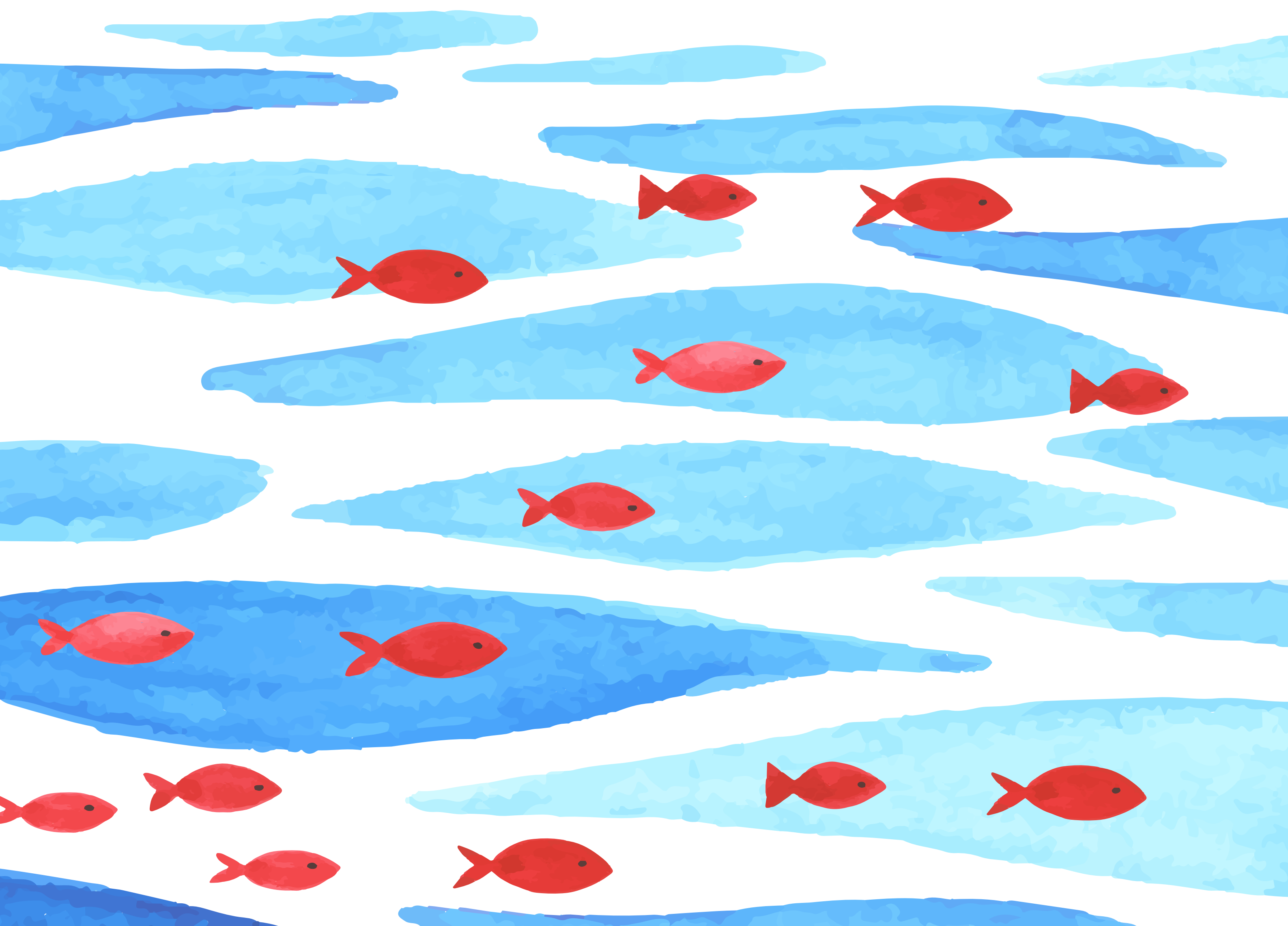
Annual Report 2023

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.



STRENGTHENING FUNDAMENTALS

The economic outlook is fraught with uncertainties and in such challenging times, Qian Hu is laser-focused on strengthening its balance sheet by reducing leverage and inventory while improving cash flow. Moving ahead, the Group is developing new intensive farming technologies for both its Ornamental Fish and Aquaculture businesses even as countries accelerate towards food security and climate-change solutions.

Contents

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, 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.

SINGAPORE

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

38% of Group Revenue

ASIA

- Incorporated subsidiaries in Malaysia, China, Thailand and Indonesia as export hubs and domestic distributors
- More than 85 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

42% of Group Revenue

EUROPE

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

7% of Group Revenue

REST OF THE WORLD

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

13% of Group Revenue

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 (Singapore)

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

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
Counter name: Qian Hu
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

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

Exports Ornamental Fish to more than

80

cities and countries

Exports aquarium and pet Accessories to

40

cities and countries

Singapore

Qian Hu Corporation Limited
71 Jalan Lekar
Singapore 698950

Qian Hu Tat Leng Plastic Pte. Ltd.
2 Woodlands Sector 1,
#03-35 Woodlands Spectrum 1,
Singapore 738068

Malaysia

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

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

Qian Hu Development Sdn. Bhd.
Block E, Lot 6212
Kampung Baru Balakong
43300 Balakong,
Selangor, Malaysia

Thailand

Qian Hu Marketing Co., Ltd.
82/2 Moo 11, Phahonyothin Road
Khlongnueng Khlongluang, Pathumthani
12120 Thailand

Thai Qian Hu Company Limited
30/25 Moo 8, Khlongnueng Khlongluang,
Pathumthani 12120 Thailand

Advance Aquatic Co., Ltd.
30/24 Moo 8, Khlongnueng Khlongluang,
Pathumthani 12120 Thailand

NNTL (Thailand) Limited
30/23 Moo 8, Khlongnueng Khlongluang,
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

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

CORE RESILIENCE

In an ever-evolving landscape, our core resilience remains steadfast. Amidst challenges and uncertainties, we have fortified our foundations, demonstrating unwavering strength and adaptability. Qian Hu's journey through adversity is anchored on resilience as the cornerstone of our success.

Letter to Shareholders

KENNY YAP KIM LEE
Executive Chairman

YAP KOK CHENG
Chief Executive Officer

Dear Bosses,

Geopolitics and inflation continued to dominate headlines in FY 2023, affecting the purchasing sentiments of our customers around the world. The numerous macro-economic challenges have plagued countless businesses all around the world; many have been shaken to the core.

While our aquaculture business is steadily making headway in the Asian region, our ornamental fish and aquarium accessories segments have been impacted by global events. Our North American and European customers have taken a conservative stance and held back their procurement as inflation continued to bite while the spectre of a global recession loomed in the horizon.

As the macro-environment continues to evolve, we want to be ready to catch the curve when the market recovers. Therefore, in FY 2023, we took the opportunity to strengthen our balance sheet and drive better efficiencies in our operations as we focus on our business fundamentals. We did this by enhancing cash flow, reducing our exposure to leverage, and cutting down on inventory through a few key initiatives.

In particular, we have made a pivotal decision to reduce our efforts in Arowana breeding and accordingly, to dispose of a substantial portion of our brooder stocks in order to free up valuable resources and space to explore new business activities that would generate better value for the Group.

As a result, this enables us to redeploy the existing earthen ponds used for Arowana breeding to pursue new, advanced and efficient farming technologies. These new technologies will also boost the overall resilience of our aquaculture and ornamental fish supply chain in the long run.

Likewise, we are in the process of setting up a new joint venture in Malaysia to farm the highly popular Marble Goby fish. This effort aims to replicate and bring the same proven farming practices within our aquaculture facilities in China closer to our customers. Consumers in Singapore and the wider Southeast Asian region will be able to enjoy healthy, antibiotic-free Marble Goby fish.

These efforts will also constitute an important part of Qian Hu's contribution towards Singapore's "30 by 30" initiative to sustainably produce 30% of our nutritional needs by 2030.

STRENGTHENING QIAN HU'S FUNDAMENTALS

For quite some time now, the Asian Arowana has become a commodity, especially the mass-market varieties which have been in oversupply. They no longer command high prices and we do not foresee the oversupply situation improving any time soon. It became imperative to repurpose our resources to other new business activities that would create greater value for the Group. As such, we have cleared out our Arowana brooder stocks substantially and will only produce higher-value Arowana - such as Albino Asian varieties - as we put new strategies into motion for our Arowana trading business going forward.

We anticipate that the shrinking supply of ornamental fish may also become imminent in coming years, given the consolidation of local fish farms in Singapore and various breeders retiring from the trade. We have therefore started building up our supply capabilities by intensifying our R&D in breeding. This will ensure that we accumulate enough data and know-how in terms of breeding various fish and gear ourselves up to mitigate future supply issues. Our emphasis is on breeding around 15 types of essential fish varieties, such as guppies and goldfish, with plans for further expansion.

In order to shore up resilience in our aquaculture and ornamental fish supply chains, we are pilot testing an Aqua-Ring Technology (ART) system which is ideal for intensive breeding and farming in Singapore. A standalone land-based system with minimal footprint, the ART tank is an environmentally friendly integrated system with zero discharge. Its innovative design accommodates both freshwater and marine species and enhances biosecurity by minimising the risk and spread of diseases.

We plan to convert the earthen ponds vacated by the Arowana brooder stocks to accommodate this new technology at our Singapore farm to carry out the breeding and farming of certain species of ornamental fish as well as food fish. We expect this innovative technology to yield many times the number of fish in a much shorter time, and in a more sustainable manner as well.

Moving ahead, we are focused on expanding the above intensive farming technologies for our Aquaculture and Ornamental Fish businesses, to meet the future demand in the Asian region as well as closer to home.

PROGRESSING WITH OUR AGRI-TECHNOLOGY VENTURES

We are pleased that Bosch's AquaEasy is gaining traction in the region. We are establishing AquaEasy's footprint in Malaysia and Thailand through our distribution rights for the AquaEasy's sustainable aquaculture solutions based on Artificial Intelligence (AI) and Internet-of-Things (IoT) technology to help farmers increase productivity and predictivity. We are also working with AquaEasy to develop a local version for the China market.

At the same time, we will be investing more in the production of ornamental fish and food fish in both Singapore and Malaysia. Contract farming of ornamental fish has been successful, and we will continue to expand the programme to a few more farms in the country.

Our new collaboration in Malaysia to produce the highly popular Marble Goby fish is also expected to boost our Aquaculture offerings in the region. In the near future, we are looking to produce other seafood favourites while we expand our pond capacity.

Letter to Shareholders (Cont'd)

EXPANSION INTO THE REGIONAL PET MARKET

Sales of accessories for dogs, cats and small animals have been on the uptick and we intend to ride on this rising demand by expanding our pet food, medication and accessory categories for export and domestic sales. Over the years, Qian Hu has developed various pet accessories brands, but they have largely been complementary to our mainstay ornamental fish business. We have since made expansions in the consumables category for cats by introducing products such as high-volume cat litter, and we are poised to accelerate our coverage of this segment.

In time to come, we expect the pet segment to expand further and emerge to be another growth pillar for Qian Hu. With its growing middle-class, Indonesia has strong prospects for the pet care business. We are currently in the midst of setting up a new pet distribution arm in Indonesia to capture this projected growth.

UP AHEAD

Someone famous once said, "The plan is useless; but planning is essential."

With all of our Singapore units having completed the transition to our cloud-based "One Qian Hu" digital platform in FY 2023, our subsidiaries in Malaysia, Thailand, Indonesia and China have gradually cut over to the digital platform in phases. This initiative positions the Group as we navigate the present challenges, seize new opportunities and become future-ready.

We believe that our core business model remains relevant as we seek to nurture new growth segments. We are laser-focused on generating healthy cash flows from everything we do while we fix our sight on managing risks.

We envisage that our business segments will continue to perform in FY 2024, amidst a challenging business environment.

APPRECIATION

We would like to thank everyone in our Qian Hu team in Singapore, Malaysia, Thailand, Indonesia and China for their diligence and dedication as we steer through such turbulent times and as we move from strength to strength.

We would also like to convey our heartfelt gratitude to our independent directors, our business partners, our customers and other stakeholders for their unwavering cooperation and support. We will continue to positively position the Group for the next wave of growth and the boundless opportunities.

Let us all look forward to better times ahead!

KENNY THE FISH
Executive Chairman

YAP KOK CHENG
Chief Executive Officer

执行主席与首席执行长的话

各位老板们好，

回顾2023财年，地缘政治和通货膨胀持续笼罩着全球的经济发展，更抑制了消费者的购买需求。接连不断的宏观挑战困扰着世界各地无数的企业，也给众多经济体带来了严重的冲击。

虽然集团的水产养殖业务在亚洲地区发展稳健，但观赏鱼和水族器材业务却受到了全球经济衰退趋势的影响。我们在欧洲和北美的客户在通货膨胀持续肆虐、全球经济低靡的阴影笼罩下，纷纷采取了观望态度而暂缓其采购计划。

随着宏观经商环境的不断演变，我们致力于调整策略并做好准备，以便在市场环境复苏时能迅速地抓住新机遇与可能性。因此，在2023财年里，我们进一步强化了资产负债表，在专注于业务基本面的同时也提高运营效率。为此，我们透过多项关键举措以加强现金流、降低债务额和减少库存量。

特别是，集团做出了一项针对龙鱼业务的战略决策。我们决定重新规划龙鱼业务，并大幅度缩小龙鱼的养殖规模。这项决定促使集团需处置绝大部分的龙鱼鱼种。集团将重新部署处置这些鱼种后所腾出的宝贵资源与土地，并用于开展新的业务，从而为集团带来更高的价值。

处置龙鱼鱼种后所腾出的土地将用于开展崭新、先进及高效能的养殖技术。长远来看，这些新技术将能够很好地提升仟湖水产养殖与观赏鱼供应链的整体韧性。

另外，我们目前也正筹备在马来西亚成立一家新的合资公司为其水产养殖业务重点培育广受欢迎的笋壳鱼。新的合资公司将复制与采纳集团在中国水产养殖设施的养殖成果，让新加坡和东南亚地区的消费者也能享用健康、不含抗生素的笋壳鱼。

仟湖多方面努力在为新加坡“30・30愿景”做出贡献，逐步配合兑现新加坡政府所设下的能在2030年，自产供应全国30%的食品需求的可持续性目标。

强化仟湖的基础核心

据观察，某些大众市场的龙鱼品种已逐渐繁衍成为一种商品，并且正处于因供过于求而导致价格持续下跌的状态。我们预计这状况不会很快得到改善，因此，当务之急必须重新部署现有的资源以为仟湖创造更大的价值。我们于是决定大刀阔斧地重新规划龙鱼业务，并大幅度缩小龙鱼的养殖规模。为此，我们处置了绝大部分的龙鱼鱼种，并将着重于转向培育价值更高的白化品种，并实施新的策略来发展龙鱼贸易业务。

接下来几年，我们预计随着新加坡当地养鱼场的整合和养殖者陆续退出该行业，观赏鱼供应将随之萎缩而可能导致货源紧张的局面。因此，我们已开始增强观赏鱼的育种研发来增强我们的供应能力。这将确保我们能在培育鱼类方面积累足够的数据和专业技能及知识，为缓解未来的供应问题做好充分的准备。我们计划优先重点培育大约15个基本鱼类品种，如虹鳟鱼和金鱼，日后将会进一步扩大品种范围。

为了增强水产养殖和观赏鱼供应链的韧性，我们正试点测试一项全新养殖系统——AquaRingTechnology（ART）。ART是一个独立的陆基系统，占地面积极小，是一个零排放的环保型综合系统，适于集约化繁殖和养殖淡水鱼和海水鱼等观赏鱼品种。不仅如此，ART也能够有效地降低疾病传播的风险以提高生物安全性。

我们计划将处置龙鱼鱼种后所腾出的土地采用ART养殖系统来养殖其他种类的观赏鱼和食用鱼。我们有信心这项崭新技术能够在更短的时间内，以更可持续的方式培殖更多的鱼。

接下来，我们会专注于扩大集约化繁殖技术用于水产养殖和观赏鱼业务，以满足新加坡及亚洲地区的未来需求。

推进养殖科技技术

我们很欣慰博世集团(Bosch)子公司AquaEasy所研发的养殖应用系统在亚洲逐步受到认可。AquaEasy的应用系统采用了结合人工智能（AI）和物联网（IoT）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。目前，我们是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。我们也正着手研发适用于中国市场的中文版本。

与此同时，我们将加大对新加坡和马来西亚观赏鱼和食用鱼养殖的投资。我们与新加坡和马来西亚的第三方鱼农合作养殖观赏鱼的计划也取得了成功。我们将继续将同类型的合作方案推展到更多的鱼场。

集团在马来西亚新近合作的笋壳鱼养殖项目预计也将能促进推动我们在该地区的水产养殖产品。在不久的将来，随着鱼池容量增加，我们计划繁殖其他受欢迎的海鲜产品如鳗鱼和美洲牛蛙等。

扩展亚洲宠物用品市场

在过去的2023财年里，狗、猫和小动物用品的销售额以稳健的步伐增长。我们将顺势扩展狗、猫和小动物的宠物食品、药物的出口和国内销售。目前，我们已扩大了宠物猫的消耗品类别，例如高销量的猫砂，并准备加快市场的产品覆盖率。

在不久的将来，我们预测宠物用品市场将会进一步扩张，并成为仟湖业务的另一个增长支柱。此外，随着印度尼西亚中产阶级的壮大，我们认为印度尼西亚的宠物用品市场蕴藏着巨大的发展潜力。我们目前正着手在印度尼西亚开设新的宠物用品分销部门，以更好地把握该市场的预期增长。

展望未来

有个名人曾说过：“计划是无用的，但规划是必不可少的。”

随着仟湖在新加坡的所有单位在2023年完成数码化转型并全面采用以云端为主要基础的“一体化仟湖”（One Qian Hu)平台，我们在马来西亚、泰国、印度尼西亚和中国的其他子公司也在分阶段过渡到“一体化仟湖”平台。数码化计划的成功能够确保仟湖能更好地应对当前的挑战、把握新机遇，更好地为未来挑战做好准备奠定基础。

我们相信，在寻求开发新机遇的同时，仟湖现今核心业务的运作模式仍然适用。我们将致力于确保现金流的稳健，并将目光锁定在强化风险管理。

尽管未来的经商业环境充满挑战，我们预计 2024 财年仍能保有良好的业绩。

由衷感谢

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过渡时期所付出的努力和奉献。

我们也要感谢我们的董事局成员、业务伙伴、客户以及股东们。感谢大家赋予仟湖坚定不移的支持和信任。我们会继续积极努力强化仟湖，迎接未来新一轮的增长和无限机遇。

期待与大家一同迈向更美好的一年！

叶金利
执行主席

叶国清
首席执行长

Board of Directors

KENNY YAP KIM LEE
Executive Chairman

YAP KOK CHENG
Chief Executive Officer

SOONG WEE CHOO
Lead Independent
Non-Executive Director

LING KAI HUAT
Independent Non-Executive Director

SHARON YEOH KAR CHOO
Independent Non-Executive Director

KENNY YAP KIM LEE, 58

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 - 29 March 2023
Length of service as director - 25 years 1 month (as at 31 December 2023)

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, 45

Executive Director/Chief Executive Officer

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

Date of first appointment as director - 1 April 2022
Date of last re-appointment as director - 29 March 2023
Length of service as director - 1 year 9 months (as at 31 December 2023)

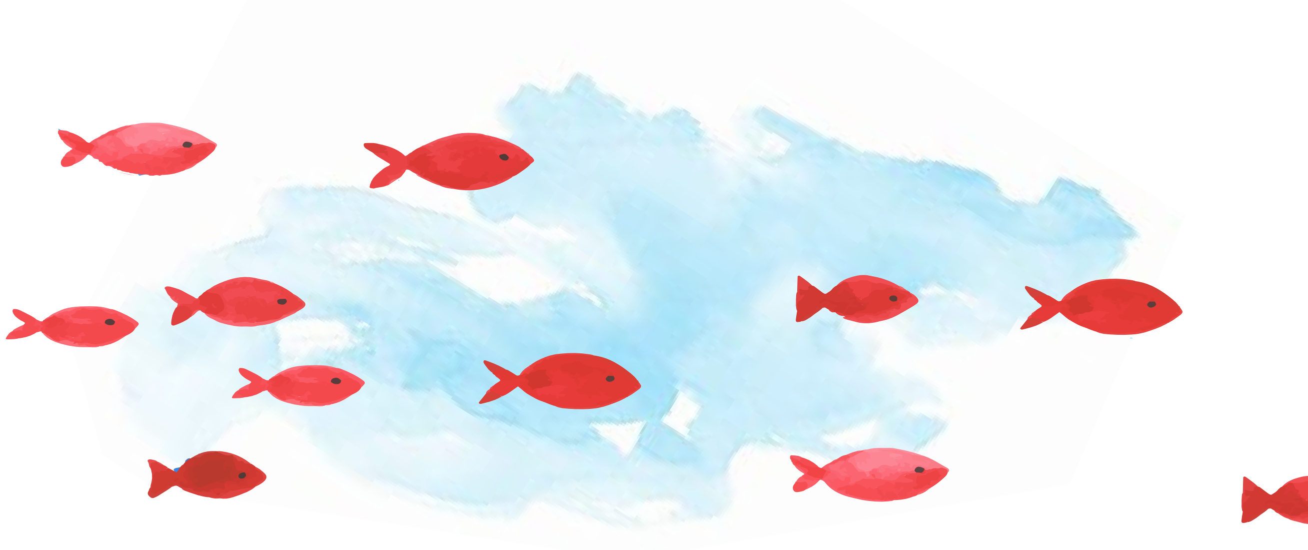
Served on the following Board Committees
- Executive Management Committee (Member)

Present directorships in other listed companies
- Nil

Major Appointments (other than directorships in other listed companies)
- Member of Ornamental Fish Business Cluster (Animal and Veterinary Services)

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



Board of Directors (Cont'd)

SOONG WEE CHOO, 56
Lead Independent Non-Executive Director

Bachelor's degree in Accountancy, National University of Singapore

Fellow Chartered Accountant of Singapore

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 2023
Length of service as director - 3 years 9 months (as at 31 December 2023)

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 Institute of Singapore Chartered Accountants (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, 75
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 service as director - 8 years 5 months (as at 31 December 2023)

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

Present directorships in other listed companies
- Nil

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

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

Background and experience
- 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, 65
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 service as director - 12 years 4 months (as at 31 December 2023)

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.

Awards & Accolades

RECOGNITION FOR 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: 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: Awarded by the Singapore Business Review – Winner in Agriculture category

RECOGNITION FOR 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
– **2023: Best Risk Management – 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
– **2023: 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

Key Management

■ Lai Chin Yee ■ Alvin Yap Ah Seng ■ Andy Yap Ah Siong ■ Lee Kim Hwat

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 financial & sustainability reporting, treasury, corporate governance and other finance related matters. 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.

Ms Lai has been a council member of the Institute of Singapore Chartered Accountants (ISCA) since 2018. She is the current Chairperson of ISCA's CFO 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 has served on ISCA's Continuing Professional Education Committee and the Corporate Governance and Risk Management Committee previously.

Ms Lai was also appointed by the MOF as a Board member of the Accounting and Corporate Regulatory Authority (ACRA) since 2019. She is an Independent Director of SGX listed Micro-Mechanics (Holdings) Ltd and Abundance International Limited, as well as the Non-Executive Chairman of Singapore Paincare Holdings Limited.

Ms Lai graduated with a bachelor's degree in Accountancy from the National University of Singapore. She is a Fellow Chartered Accountant of Singapore 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.

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.

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.

■ Lim Si Loon ■ Yap Kay Wee ■ Lim Yik Kiang ■■ Jimmy Tan Boon Kim ■ Low Eng Hua

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

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 of Commerce degree from the University of New South Wales, majoring in Marketing and International Business.

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.

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.

CREATING VALUE

Through strategic initiatives and innovative approaches, we continuously enhance our offerings, empower growth, and redefine industry standards. We are relentlessly pursuing value creation as a catalyst for sustainable success.

Market Updates

Singapore

Against an evolving macroeconomic backdrop fueled by inflation and several geopolitical events, 2023 was a year where we took stock of our priorities for the Singapore market.

We made a pivotal decision this year to drastically reduce our efforts in Arowana farming, and instead focus our efforts on sustainable aquaculture. Over the years, the Asian Arowana has experienced oversaturation and declining prices, which is unlikely to improve going forward. It was therefore a natural decision to reallocate our resources towards new business ventures that would potentially generate better value for the Group.

This strategic move to write off our Arowana brooder stocks will free up valuable resources and space, allowing us to repurpose the existing earthen ponds to explore and implement cutting-edge farming technologies.

We have been piloting the Aqua-Ring Technology (ART) system in Singapore - a standalone land-based system with a much smaller footprint compared to Arowana earthen ponds. With an environmentally friendly integrated design and zero discharge, it can accommodate both freshwater and marine species and is ideal for intensive breeding and farming. This not only allows us to scale our breeding exponentially, but also means minimal risk and spread of diseases.

Adopting advanced technologies not only increases efficiency but also enhances the long-term resilience of our aquaculture supply chain. We intend to scale up our efforts in 2024 if the results are promising.

Simultaneously, we are in the process of establishing a new joint venture in Malaysia focused on cultivating the highly sought-after Marble Goby fish. This effort aims to replicate the successful farming practices within our Aquaculture facilities in China, bringing these proven results closer to our customer base. Consumers in Singapore and the broader Southeast Asian region can look forward to a more regular supply of healthy, antibiotic-free Marble Goby fish.

Our nation's "30 by 30" initiative aspires to sustainably produce 30% of the nation's nutritional needs by the year 2030, and we believe Qian Hu can play a role with our know-how in the aquaculture space.

Strengthening Fundamentals

EFFICIENCIES, KNOW-HOW, INNOVATION

" This year, we have taken significant steps to reallocate resources towards shoring up our technology to drive greater efficiencies in Aquaculture, whilst also sharpening our Ornamental Fish breeding expertise.

With decades of invaluable expertise, knowledge, and insights anchoring our operations, we intend to focus on continuous R&D and further consolidating our capabilities to strengthen and deliver greater overall value. "

Meanwhile, the operating landscape for Ornamental Fish has remained challenging post-pandemic. Rising costs and inflationary pressures continue to impact our Ornamental Fish segment as spending declined. The supply of new space allocations for new fish farms in land-scarce Singapore has shrunk considerably as well. Various breeders are also due to retire permanently from the trade without any successors.

Amidst ongoing difficulties in the business environment, we have since taken the opportunity to enhance our skillsets and refine our knowledge in fish breeding in the last few years.

We recognise that success in breeding Ornamental Fish is not solely dependent on technology; rather, it hinges on internal expertise, knowledge, and insights – an aspect more challenging than system setups and financial investments. This invaluable know-how of fish breeding takes years to amass and perfect. We take pride in having cultivated this wealth of experience at Qian Hu in recent years. Our breeding efforts could also be replicated and extended to our other markets in the future.

Currently, our emphasis is on breeding around 15 types of essential fish varieties such as guppies and tilapia, with plans for further expansion. We have focused on strengthening our supply capabilities and investing in research and development. This approach ensures that we accumulate sufficient data and expertise on breeding various fish independently.

Market Updates (Cont'd)

Singapore

Our Accessories business is also performing steadily, particularly in the area of pets. With substantial growth in this segment since the start of the pandemic, we have continually expanded our range of pet products.

Cat ownership is increasingly popular in Singapore, and as such, we have developed new gravy and mousse varieties of cat food under our Aristo-Cats YIHU Premium Plus brand. Eight new flavours are lined up for launch across physical pet stores and online platforms by the first half of 2024. The Singapore government's upcoming new cat management framework to allow homeowners to have up to two cats per unit will also bode well for our Accessories segment.

This year, our focus on Accessories extended to developing a line of LED aquarium lights with mobile app control functionalities under Qian Hu's OF brand. Leveraging on an IoT open platform service provider, we were able to efficiently develop our app and ensure future compatibility with AI voice platforms such as Alexa and Google Assistant.

Our innovation aligns with the widespread adoption of Smart Home systems, and positions Qian Hu to capture future demand for remotely controllable electrical aquatic products. As Smart Home systems mature, our products cater to consumers seeking advanced controls to complement their pet care routines and lifestyle preferences.

The mobile app enhances the LED lighting's features in aquariums, whilst providing remote access and connectivity to the Smart Home system. The app features 4 preset lighting colour tones tailored for various Arowana and ornamental fish species, presets for body tanning, as well as has customisable options for individual colour tones and brightness.

Users can store and recall lighting and colour settings, experiment with various combinations, set on-off timings for energy conservation, and even monitor the fish tank's water temperature with an optional sensor.

Our Plastics division saw stable growth this year, boosted by favourable raw material prices. Post-pandemic, the healthcare and waste management sectors thrived as the hospitality sector bounced back strongly. Growth will likely be driven by industrial, food and healthcare packaging and products in the coming years. Meanwhile, our focus remains on operational efficiency, marked by excellent teamwork and reliable services, in order to consistently meet and exceed our customers' expectations.

As we wrap up another year and look forward to 2024, we believe our future success will lie in leveraging our established, unique skillsets and market know-how to navigate challenges effectively.

Market Updates (Cont'd)

Malaysia

In the Malaysian market, the pet industry is facing a downturn as wider economic challenges continue to impact consumer spending. Price wars, differentiation strategies, and the ability to provide unique value propositions are crucial factors in a highly competitive landscape. Therefore, we remain focused on restructuring business segments and expanding into segments with earnings potential.

This year, we set up one new boutique pet store in Malaysia under "Qian Hu – The Pet Family" brand on top of the existing three stores. Despite teething challenges such as resource constraints, competition against larger chains, and establishing a unique identity, the stores have performed well. We excel in offering personalised service, are quick to adapt to trends, and have built strong connections within the communities.

We plan to expand with a few more boutiques within the Klang Valley region, in addition to the existing stores. Ahead of this, we will assess the demographics, professions, quality of life and income groups in the chosen areas. We will also analyse our competition across various factors such as their brand strength, pricing strategies, service types and quality. We also plan to identify upcoming pet-friendly condos for occupancy within the next few years to ensure we are conveniently located to our potential customers.

As part of our online sales channel, we currently maintain 750 active product listings. Challenges such as price wars and escalating platform commission fees are rampant, but we have nevertheless improved on our year-on-year online sales performance. Our strategic approach involves focusing on products with improved margins and venturing into the TikTok shopping platform to diversify our sales channels further.

Pet owners in Malaysia are increasingly looking at products which incorporate technology for convenience, such as automated feeders, litterboxes, and pet drying boxes. There is also a growing interest in organic and grain-free pet products, pet insurance for healthcare needs, and thoughtful end-of-life services such as pet cremation.

Despite less favourable consumer spending power, the Malaysian pet market is expected to continue on a growth trajectory in the coming years. Looking ahead to 2024 and beyond, our emphasis is on expanding the pet products segment given the potential for growth in Malaysia over the next five years.

Strengthening Fundamentals

SERVICE, BRAND, CUSTOMER-CENTRIC

"We have undertaken initiatives to ensure our inventory is better managed and controlled this past year, in order to generate better returns. Going forward, we aim to re-calibrate and re-curate our offerings.

By consistently tuning in to the preferences of consumers, we intend to stay abreast of customers' needs and requirements, which will ultimately drive the ongoing R&D of relevant pet products tailored for our market."

Market Updates (Cont'd)

China

China's consumer market has seen notable shifts since its re-opening. There has been a resurgence in offline retail channels, a focus on health, continued online shopping growth, changing consumption patterns, and accelerated digital transformation.

These pose both challenges and opportunities for our business. In response, we've adapted by expanding our product range, merging online and offline sales channels, and creating new products. On one front, we have enhanced our high-end home aquarium tank sets to broaden our product line-up and grow market share for our physical stores. Simultaneously, we have also strengthened collaboration by developing new products with exclusive agents and partnering with online influencers.

This strategic integration of online and offline channels has brought several advantages. We can grow our market share by introducing more diverse choices such as high-end aquarium tank sets. With a wider range, our physical stores can serve up more choices while the convenience of online shopping can also drive sales. Working with influencers amplifies our reach and elevates our brand awareness, boosting both physical and online sales.

We have has been constantly innovating with different categories of products for the China market. We launched the "FishLove Elegant" and "FishLove Lotus" series of high-end home aquarium tank sets. We also introduced a range of new accessories under the Aqua Zonic brand including heaters, lamps and tank cleaning kits.

Our "Joyful" series of high-end home fish tanks continue to be very popular in the Chinese market. Designed to be compact and with a small footprint, these are suitable for small and medium-sized households. Our customers are very satisfied with the quality and design of the products, particularly the decorative effect and vitality that this product brings to the home. This product is especially popular among our Qian Hu flagship chain stores, so we intend to further grow this series.

Looking ahead, we see the pivotal segments of China's aquarium market as fish feeds, water conditioners and filtration media. These not only cater to the growing needs of consumers but also play a key role in propelling the overall development of the aquarium industry.

The fish feeds market is experiencing growth due to increased breeding of ornamental fish and other aquatic organisms, driving strong demand within the aquatic industry. Water conditioners play a crucial role in maintaining water quality for aquatic organisms and are increasingly sought after as consumers prioritise suitable environments for breeding. Similarly, the filtration media market, vital for purifying water and sustaining optimal water quality in aquariums, is witnessing heightened demand as the aquarium industry expands.

FishLove series fish tanks

Aqua Zonic Solar Pro Double Tube Heater

Strengthening Fundamentals

PEOPLE, CULTURE, CUSTOMISATION

"Our people are our assets. Building a strong corporate culture, anchoring ourselves on a clear vision and right values, while establishing effective communication channels with our staff have been essential to our success.

Investing in regular training opportunities, providing incentives and a positive work atmosphere will also help our employees better understand and align with our objectives, foster collaboration and drive overall productivity."

To further grow our presence in the China market, we have embarked on two key measures this year. Firstly, we are deepening our market research efforts by collaborating with research institutions to understand consumer needs and trends. This enables us to tailor our products and services to better meet market demands.

Secondly, we are focused on strengthening supply chain management to improve operational efficiency and product quality. This involves forming long-term partnerships with reliable suppliers, implementing strict quality control measures, and leveraging on technology to enhance transparency and visibility in the supply chain. These efforts ensure timely delivery and consistent product quality, reinforcing our foothold in the competitive Chinese market.

Despite evolving consumption mindsets in China due to societal progress and improved living standards, the country will remain a crucial market for us. As consumers increasingly prioritise quality and sustainability over excessive and impulsive consumption, we are committed to adapting our offerings to enhance Qian Hu's brand awareness and secure a larger market share in the future.

Market Updates (Cont'd)

Thailand

In a post-COVID era, the Ornamental Fish segment at Qian Hu Thailand has faced challenging times. This has prompted our strategic shift towards diversifying into Aquaculture with a focus on breeding, enhancing the supply chain, and building stronger relationships with both suppliers and customers.

Our intention is to provide diverse fish varieties from different origins to enhance the supply chain. With these adjustments, we can provide a more consistent business platform and reduce our reliance on external sources.

Our breeding efforts, most of which take over a year, continue to progress well. This has yielded ornamental fish varieties such as cichlids, gourami and other unique breeds not prevalent in Thailand.

We have also been collaborating with local breeders on ornamental fish such as Betta crossbreeds and giant goldfish on an ongoing basis to ensure the production of quality fish.

On the Aquaculture front, we have been focusing mainly on breeding a hybrid Marble Goby, amongst other edible fish. The breeding process for a hybrid Marble Goby involves crossbreeding between the Australian and Thai species, resulting in a faster-growing and well-adapted fish for export. While this type of Marble Goby is not sold locally, there may be potential for future market entry.

Thailand is a major supplier and exporter of pet products. Despite the economic downturn in 2023 which marked Thailand's worst year in over two decades, the pet segment continues to grow.

We have therefore been focusing our efforts on pet accessories such as bird cages, cat toys and cat litter. Reptiles, such as snakes and lizards also continue to appeal to a niche, premium clientele. This year, we also started marketing the premium grade of our best-selling Aristo-Cats YIHU canned cat food for the Thailand market, and plan to continue to build this range going forward.

In the area of aquarium accessories, while the market is growing, there is a general preference for a wider range of smaller ticket items. We are seeing a shift from higher-priced fish tank sets to smaller items which are more palatable for Thailand consumers. Accordingly, our overall sales and pricing strategies have also evolved to stay competitive in the dynamic market.

The online business, a significant aspect in Thailand's vast market, is also highly volatile. We closely monitor and adapt to changing trends across different platforms in order to keep pace with online consumers' preferences.

While traditional segments such as aquarium accessories continue to face pressure amidst a competitive operating environment, pet accessories – especially for cats – has emerged as a significant and growing market. Qian Hu will prioritise its adaptability, competitiveness, and diverse product range to remain competitive in Thailand's dynamic market landscape.

Strengthening Fundamentals

ORIGINATION, VARIETY, BUILD CAPABILITIES

"We have focused on developing the supply chain, sourcing and expanding our network. Strengthening our internal capabilities to ensure that we were equipped to deliver better quality products, emphasising service, product knowledge, and adaptability in a market with short sales cycles.

Our continued close collaboration with suppliers and customers will be critical for success in 2024, given the unpredictability brought about by global conflict and geopolitical uncertainties."

Market Updates (Cont'd)

Indonesia

Indonesia's potential for growth is on a positive trajectory, propelled by the country's abundant natural resources. Amidst persistent difficulties in the domestic market, Qian Hu continues to breed and export ornamental fish on a regular basis, serving as a reliable channel for Indonesian breeders.

The location of Qian Hu's fish farm at Rain City, Indonesia, benefits from the presence of numerous breeders capable of cultivating various fish species. We have been collaborating actively with these breeders to develop new species of ornamental fish for export, fostering a mutually beneficial relationship.

The diversity of species available for export is a key factor influencing Indonesian market trends. Global preferences for specific species or colours in the aquarium trade can shape the demand for certain segments within the ornamental fish market.

Additionally, maintaining high health and quality standards, including adherence to biosecurity measures, is imperative. This not only prevents the spread of diseases but also enhances the reputation of Indonesian ornamental fish in the international market. We plan to further enhance our breeding capabilities in the ornamental fish sector in Indonesia in the coming years to capture upcoming growth opportunities.

On the aquaculture front, we are actively exploring the sourcing of wild Marble Goby from Indonesia for export to Singapore, with a strategic emphasis on this potentially lucrative sector. We are currently studying the differences in breeding practices across our markets to refine our Marble Goby operations and discover new possibilities for export.

With Indonesia's pet care segment projected to surpass US$5.88 billion by 2033, we have laid the groundwork to launch our Indonesian pet division in the second half of 2024. Given a thriving cat segment in Indonesia in recent years, our planned pet division will focus on this segment and offer Qian Hu's multitude of cat-related products and accessories.

With these exciting developments in place and strengthened operations, Qian Hu is strategically well positioned to navigate the evolving market landscape and capitalise on emerging opportunities in Indonesia.

Strengthening Fundamentals

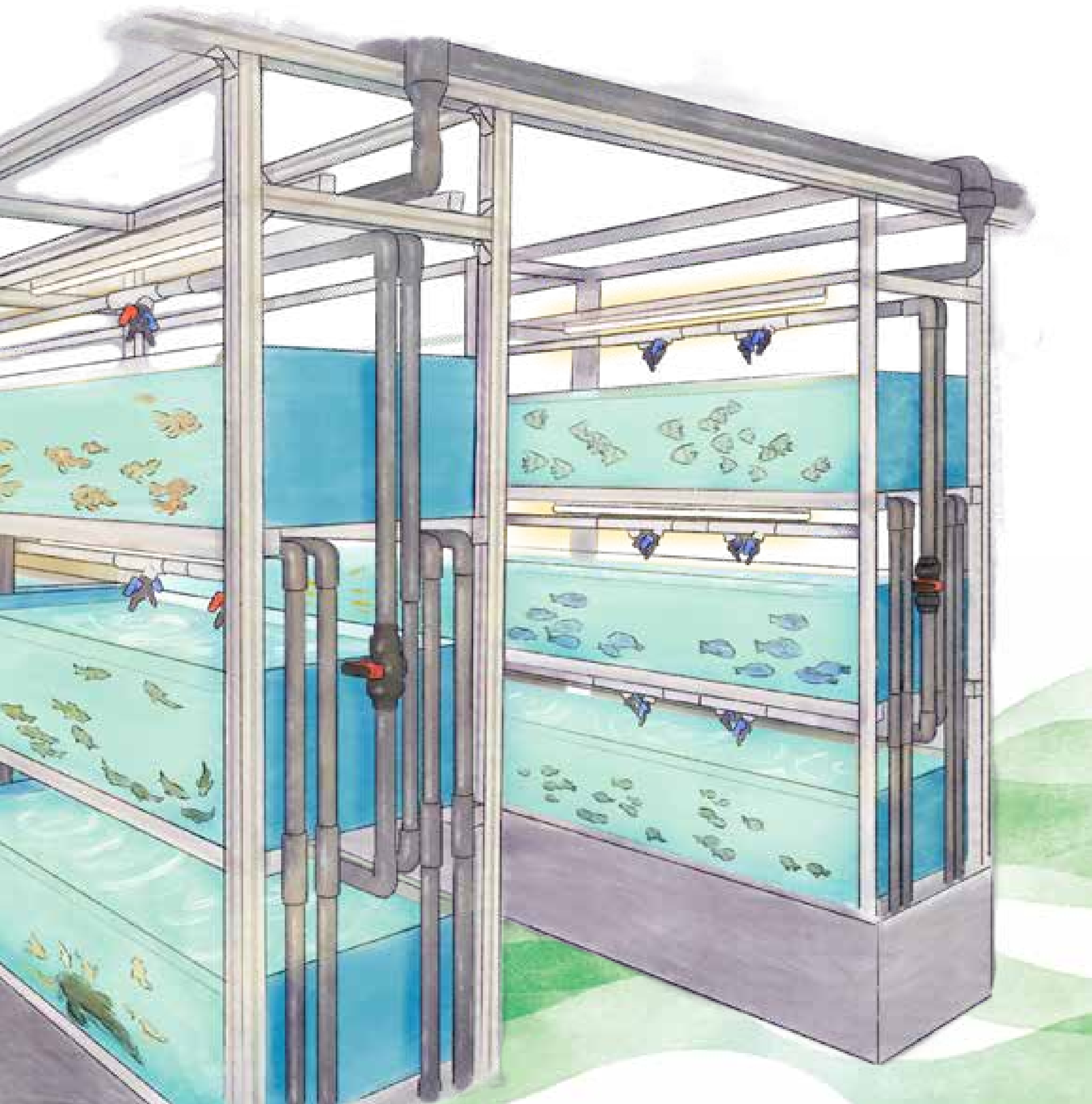
DIVERSITY, TRAINING, COLLABORATION

"Recognising the significance of operational fundamentals, we transitioned our focus from trading to staff training with the aim of enhancing fish care practices and mitigating financial setbacks.

Our newly formed dedicated supply chain team collaborated closely with key suppliers to strengthen and improve our overall efficiencies. We aim to enhance our sales and inventory control by engaging regularly with our suppliers and customers, capturing their feedback for continuous improvement."

SUSTAINABLE JOURNEY

We prioritise environmental stewardship and social responsibility. Our commitment extends beyond profitability, as we strive to create positive impact on the planet and communities we serve. Qian Hu's sustainable practices illustrate our dedication to fostering a better world for generations to come.



Financial Highlights

	2023	2022	2021	2020	2019
FOR THE YEAR ($'000)					
Revenue	70,314	75,265	80,003	75,233	76,915
Gross profit	23,566	24,443	26,817	25,277	23,511
(Loss) Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(5,644)	5,407	6,128	4,937	4,659
(Loss) Profit before tax	(8,969)	1,896	2,311	(1,121)	1,059
Net (loss) profit attributable to owners of the Company (PATMI)	(9,277)	1,400	1,720	(1,453)	920
Operating cashflow	3,355	6,039	8,517	9,160	6,411
Capital expenditure	749	1,103	1,550	601	1,028
AT YEAR END ($'000)					
Total assets	58,933	72,391	74,794	77,967	79,570
Total liabilities	17,201	20,840	24,163	28,232	27,682
Equity attributable to owners of the Company	39,494	49,255	48,320	47,356	49,394
Net current assets	27,942	29,827	27,761	25,692	24,734
Cash and cash equivalents	15,546	20,117	21,671	19,098	13,784
KEY FINANCIAL RATIOS					
Revenue growth (%)	(6.6%)	(5.9%)	6.3%	(2.2%)	(10.2%)
Net (loss) profit growth (%)	(762.7%)	18.6%	218.4%	(257.9%)	128.9%
Gross profit margin (%)	33.5%	32.5%	33.5%	33.6%	30.6%
Net (loss) profit margin (%)	(13.0%)	2.2%	2.5%	(1.8%)	1.2%
Debt-to-equity ratio (times)	0.41	0.40	0.48	0.57	0.53
Return on shareholders' equity (%)	(23.5%)	2.8%	3.6%	(3.1%)	1.9%
Return on total assets (%)	(15.7%)	1.9%	2.3%	(1.9%)	1.2%
Dividend payout ratio (%)	(3.7%)	24.3%	19.8%	(15.6%)	37.1%
PER SHARE INFORMATION (CENTS)					
(Loss) Earnings per share	(8.17)	1.23	1.51	(1.28)	0.81
Net assets per share	34.79	43.39	42.56	41.71	43.51
Cash per share	13.69	17.72	19.09	16.82	12.14
Dividend per share	0.30	0.30	0.30	0.20	0.30
MARKET CAPITALISATION ($'MILLION)					
At close of business on the first trading day after the announcement of audited results	18.73	26.11	25.54	23.84	18.16

Revenue
$70.3 million
$75.3 million in 2022

EBITDA
$(5.6) million
$5.4 million in 2022

PATMI
$(9.3) million
$1.4 million in 2022

Total Assets
$58.9 million
$72.4 million in 2022

Total Liabilities
$17.2 million
$20.8 million in 2022

Cash and Cash Equivalents
$15.5 million
$20.1 million in 2022

Value-Added Statements

($'000)	2023	2022	2021	2020	2019
Revenue earned	70,314	75,265	80,003	75,233	76,915
less : Purchase of goods and services	(54,485)	(58,188)	(60,984)	(56,089)	(60,451)
Gross value-added from operations	15,829	17,077	19,019	19,144	16,464
Other income	3,544	4,282	3,524	773	3,633
Loss on biological assets	(7,391)	(4)	–	–	–
Exchange (loss) gain	(30)	(179)	508	(75)	(41)
Total value-added available for distribution	**11,952**	**21,176**	**23,051**	**19,842**	**20,056**
Distribution of Group's value-added:					
To employees					
- Salaries and other related costs	15,590	15,728	15,469	13,246	14,871
To government					
- Corporate and other taxes	300	385	431	309	244
To providers of capital					
- Interest paid on borrowings	451	352	252	385	586
- Dividends to shareholders	341	341	227	341	227
Retained for re-investment and future growth					
- Depreciation and amortisation	3,015	3,194	3,596	3,726	3,069
- Accumulated (loss) profit	(9,617)	1,059	1,493	(1,793)	693
- Non-controlling interests	151	239	281	132	24
Non-production costs and income					
- Bad trade receivables writen off	49	27	207	995	377
- Impairment loss (Reversal of impairment loss) on trade receivables	154	91	485	135	(52)
- Allowance for (Write back of allowance for) inventory obsolescence	1,518	(240)	610	366	17
- Impairment loss on brooder stocks	–	–	–	2,000	–
Total distribution	**11,952**	**21,176**	**23,051**	**19,842**	**20,056**

PRODUCTIVITY DATA					
Number of employees	522	524	563	547	595
Value-added per employee ($'000)	23	40	41	36	34
Value-added per dollar of employment cost	0.77	1.35	1.49	1.50	1.35
Value-added per dollar of revenue	0.17	0.28	0.29	0.26	0.26
Value-added per dollar of investment in property, plant & equipment and brooder stocks	0.35	0.47	0.47	0.41	0.43

Financial Review

STATEMENT OF PROFIT OR LOSS

REVENUE – Decreased by approximately $5.0 million or 6.6% mainly due to lower revenue contribution from the core business segments - Fish and Accessories. The Group's Fish and Accessories export businesses were affected by the on-going geopolitical tensions and economic uncertainties which had caused business disruptions and had resulted in weakened and conservative purchasing sentiments globally. Nonetheless, the aquaculture business, revolving around the farms in the Hainan Province in China, saw a recuperation of revenue with a stable flow of customers' orders. This had alleviated the impact of the reduction in revenue contribution.

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

GROSS PROFIT – Decreased by $0.9 million or 3.6%, despite a bigger amount of reduction in revenue, due to higher gross profit margin registered with the differences in sales mix during the financial year. Gross profit margin improved from 32.5% in FY 2022 to 33.5% in FY 2023.

OTHER INCOME – Mainly consisted of handling income of $3.0 million (FY 2022: $4.0 million) derived from the handling of transshipments in relation to the aquaculture business, which was lower in tandem with the decrease in such aquaculture business activities in FY 2023.

OTHER EXPENSE – Related to loss on biological assets, which arose from the disposal of a substantial portion of brooder stocks, following the Group's strategic decision to reduce its efforts in the breeding of dragon fish during the financial year.

(LOSS) PROFIT BEFORE TAX – Loss registered for the year under review was mainly due to loss on biological assets of approximately $7.4 million and allowance for obsolete and slow-moving inventory of approximately $1.5 million, which arose from an inventory profiling and assessment exercise undertaken by the Group to streamline and optimise its inventory. In addition, the reduction in overall revenue, coupled with lower transshipment activities as mentioned above, affected the profitability of the Group in FY 2023.

TAX EXPENSE – The Group reported a loss in FY 2023. The tax expense was mainly in relation to the operating profits registered by the profitable entities within the Group.

The effective tax rate registered in FY 2022 was lower than the amount obtained by applying the statutory tax rate of 17% on profit before tax mainly due to utilisation of tax credits during that financial year.

(LOSS) PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY – Resulted from the (loss) profit registered in FY 2023 and FY 2022 respectively.

	2023 $'000	2022 $'000	Change %
REVENUE			
- Fish	27,646	29,137	(5.1)
- Accessories	34,650	38,139	(9.1)
- Plastics	8,018	7,989	0.4
TOTAL REVENUE	**70,314**	**75,265**	**(6.6)**
Less : Cost of sales	(46,748)	(50,822)	(8.0)
GROSS PROFIT	**23,566**	**24,443**	**(3.6)**
Add : Other income	3,544	4,282	(17.2)
Less : Other expense	(7,391)	(4)	NM
Less : Operating expenses	(28,688)	(26,825)	6.9
(LOSS) PROFIT BEFORE TAX	**(8,969)**	**1,896**	**NM**
Less : Tax expense	(157)	(257)	(38.9)
(LOSS) PROFIT FOR THE YEAR	**(9,126)**	**1,639**	**NM**
(LOSS) PROFIT ATTRIBUTABLE TO:			
Owners of the Company	**(9,277)**	**1,400**	**NM**
Non-controlling interests	151	239	(36.8)
(LOSS) PROFIT FOR THE YEAR	**(9,126)**	**1,639**	**NM**

NM: Not Meaningful

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS – Decreased by $13.5 million or 18.6% as at 31 December 2023.

Increase in property, plant and equipment was in relation to capital expenditure incurred for the purchase of equipment and ongoing enhancements made to the farm and other facilities in Singapore and overseas, as well as the recognition of additional right-of-use (ROU) assets, despite having depreciation charge during the financial year.

Decrease in biological assets, namely brooder stocks and breeder stocks, was followed by the Group's strategic decision to reduce its efforts in the breeding of dragon fish.

Increase in financial asset at fair value through profit or loss was based on its valuation as at 31 December 2023.

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

Increase in trade and other receivables was due to deposit made for the purchase of property, plant and equipment.

Decrease in cash and cash equivalents was consequent to the utilisation of cash for the repayment of bank borrowings.

TOTAL LIABILITIES – Decreased by $3.6 million or 17.5% as at 31 December 2023.

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

Decrease in tax liabilities was in line with the lower profit registered by the profitable entities in FY 2023.

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

TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY – Decreased by $9.8 million or 19.8% as at 31 December 2023. This was mainly a result of loss attributable to owners of the Company for the financial year, coupled with the payment of dividend to shareholders of the Company in April 2023.

TOTAL NON-CONTROLLING INTERESTS – Decreased by $0.06 million or 2.5% as at 31 December 2023 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.

	2023 $'000	2022 $'000	Change %
TOTAL ASSETS	**58,933**	**72,391**	**(18.6)**
- Property, plant and equipment	8,602	8,265	4.1
- Intangible assets	6,665	6,783	(1.7)
- Biological assets	133	7,852	(98.3)
- Financial asset at fair value through profit or loss	1,379	1,050	(31.3)
- Inventories	12,240	15,258	(19.8)
- Trade and other receivables	14,368	13,066	10.0
- Cash and cash equivalents	15,546	20,117	(22.7)
TOTAL LIABILITIES	**17,201**	**20,840**	**(17.5)**
- Trade and other payables	8,855	9,530	(7.1)
- Tax liabilities	396	508	(22.0)
- Loans and borrowings	7,950	10,802	(26.4)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**39,494**	**49,255**	**(19.8)**
TOTAL NON-CONTROLLING INTERESTS	**2,238**	**2,296**	**(2.5)**

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 2023.

The Group has three main business activities - Fish, Accessories and Plastics. For the financial year ended 31 December 2023 ("FY 2023"), the Group recorded revenue of $70.3 million, of which approximately 89% was contributed by the core businesses (Fish and Accessories), while Plastics contributed the remaining 11%.

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

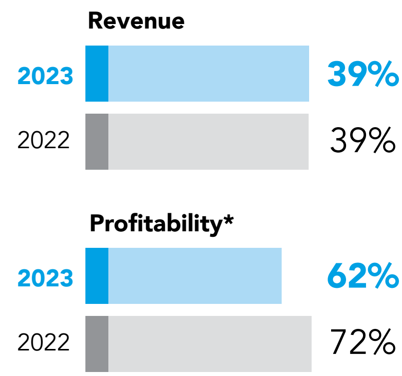
Accessories -
includes manufacturing and distribution of aquarium and pet accessories;

Plastics -
includes manufacturing and distribution of plastic bags; and

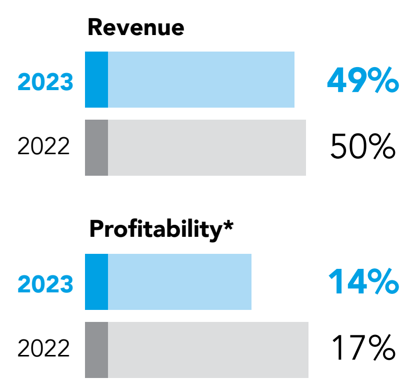
Others -
includes Corporate Office and consolidation adjustments which are not directly attributable to a particular business segment above.

	Fish	Accessories	Plastics	Others	Total
	$'000	$'000	$'000	$'000	**$'000**
FY 2023					
Revenue	27,646	34,650	8,018	-	**70,314**
(Loss) Profit before tax	(5,289)	(1,057)	831	(3,454)	**(8,969)**
FY 2022					
Revenue	29,137	38,139	7,989	-	**75,265**
Profit (Loss) before tax	3,687	1,126	576	(3,493)	**1,896**

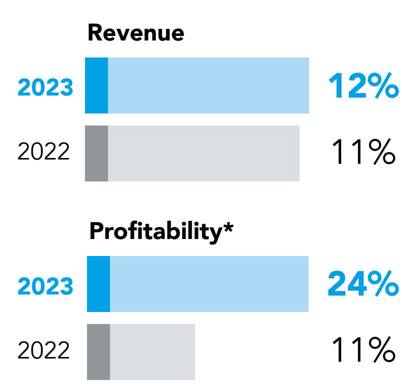
Fish



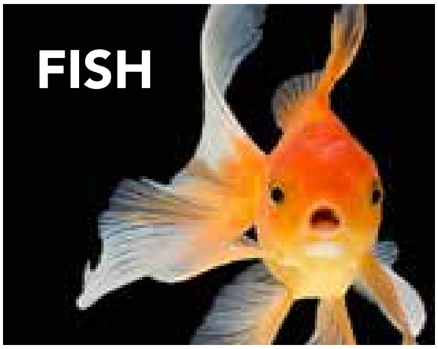
Accessories



Plastics



** Profitability excludes the loss on biological assets and allowance for inventory obsolescence.*



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.

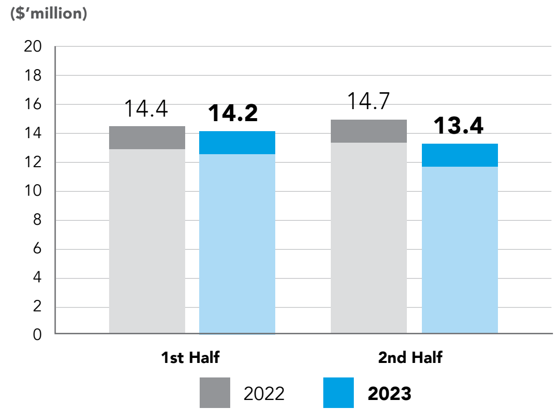
In 2017, the Group kick-started its aquaculture business, farming antibiotic-free edible fish fingerlings in Hainan Province, China. It also deals in the export of edible fish and seafood from Hainan to Southeast Asia, and the import of other edible fish and seafood from the rest of the world into China.

REVENUE

On the ornamental fish front, the on-going trade tensions and geopolitical landscape continued to affect the fish exports and dampen the purchasing sentiments of the customers to a certain extent. These had resulted in a relatively lower revenue reported in FY 2023 as compared to FY 2022.

Nonetheless, the aquaculture business, revolving around the farms in the Hainan Province in China, which was previously impacted by the extensive reduction in air cargo capacity and flight frequencies amidst the pandemic, saw a recuperation of revenue with a stable flow of customers' orders. This had alleviated the impact of the reduction in revenue contribution from the export of ornamental fish as mentioned above.

We will continue our 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.



PROFITABILITY

The noticeable loss registered by the fish segment in FY 2023 was a result of the lower revenue contribution, coupled with lower handling income derived from the handling of transshipments in relation to the aquaculture business.

In addition, following the Group's strategic decision to reduce its efforts in the breeding of dragon fish, it has disposed of a substantial portion of brooder stocks in order to free up resources and repurpose the existing earthen ponds to explore new business activities that would generate better value for the Group. This has resulted in a loss on biological assets amounting to approximately $7.4 million recognised in FY 2023.

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.

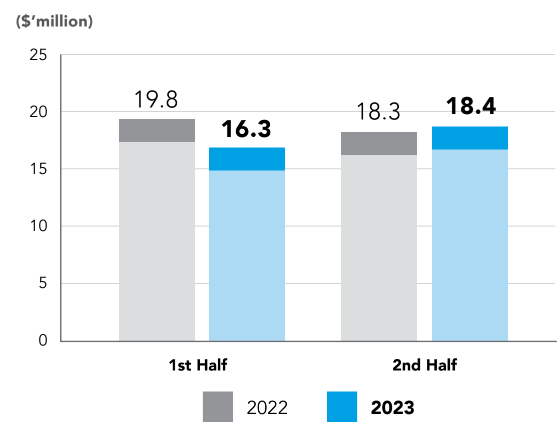
In addition, since 2004, Qian Hu started penetrating the retail market with a chain store concept, "Qian Hu – The Pet Family", with which it intends to professionalise a highly fragmented niche market into a mass market industry. It has retail stores in Malaysia and Thailand.

All the retail stores sell both ornamental fish and related aquarium & pet accessories while some stores also provide pet grooming activities.

REVENUE

Similarly for the accessories segment, despite the conscientious efforts made to focus on selling more of the Group's proprietary brand of innovative products, the revenue from the accessories export activities was affected by the weakening and conservative purchasing sentiments experienced globally. Customers grew to be more vigilant in their procurement requirements due to trade disruptions, geopolitical tensions and economic uncertainties during the current financial year, which had resulted in the dive in accessories revenue in FY 2023 as compared to FY 2022.

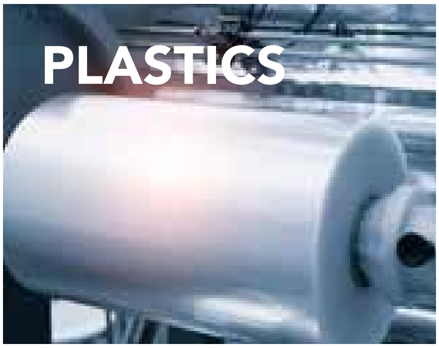
The Group will persist to leverage on its existing distribution bases, network and infrastructure available to explore more untapped markets.



PROFITABILITY

The operating results of the accessories business moved in tandem with its revenue contribution in FY 2023 as compared to FY 2022.

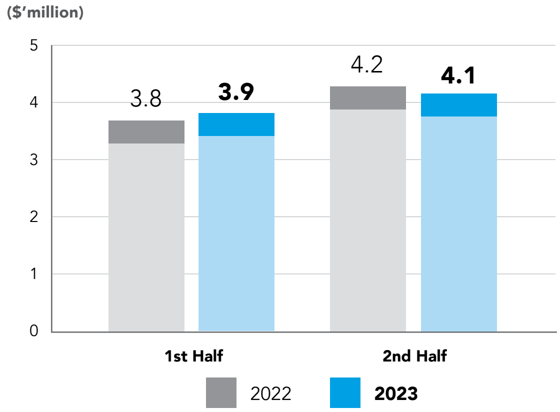
Included in the operating loss of this business segment was also an allowance for obsolete and slow-moving inventory of approximately $1.5 million which arose from an inventory profiling and assessment exercise undertaken by the Group to streamline and optimise its inventory holding. The analysis assists in ensuring an appropriate balance between having sufficient inventory to meet demand and minimising the costs associated with carrying excess inventory.



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 our plastics activities registered flat growth in FY 2023 with the stabilisation of our customer base, focusing on generating revenue through selling products with sustainable margins, such as essential items used to enhance hygiene protocols for the healthcare and waste management sectors, as well as the hospitality segment.



PROFITABILITY

Despite the stable revenue registered in FY 2023 as compared to FY 2022, the profit generated from the plastic segment improved considerably due to better margins yielded and the difference in sales mix recorded in both periods.

Financial Review (Cont'd)

CAPITAL MANAGEMENT

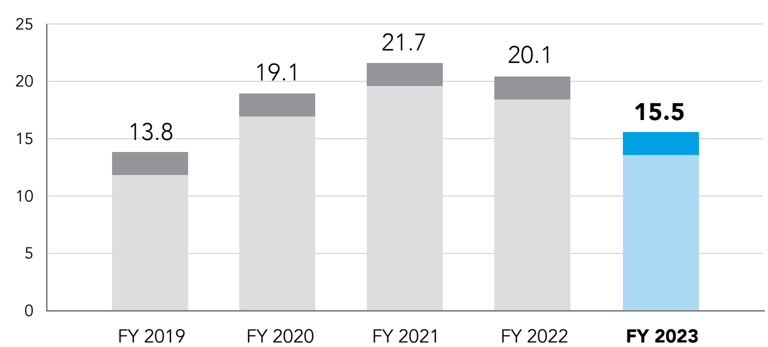
The Group maintains a strong balance sheet (Statement of Financial Position) and an efficient capital structure to maximise returns for shareholders. The Group has sufficient cash and cash equivalents and an adequate amount of standby credit facilities. The funding of working capital requirements and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

As at 31 December 2023, 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 $19.7 million (2022: $21.7 million) of which approximately $5.0 million (2022: $9.0 million) was utilised.

CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents decreased by approximately $4.6 million in FY 2023 to $15.5 million as compared to approximately $20.1 million a year ago, which was mainly 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:

The reduction in **net cash from operating activities** for the FY 2023 was mainly due to losses incurred, coupled with lower amount of trade receivables realised into cash, as well as the prompt settlement of non-trade suppliers, notwithstanding there was reduction in inventory held during the current financial year.

Net cash used in investing activities in FY 2023 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.

Net cash used in financing activities was for the settlement of bank loans and lease liabilities, payment of dividend to the non-controlling shareholder of a subsidiary, as well as servicing of the monthly interest payments. In addition, there was payment of dividend made to the shareholders of the Company in April 2023.

	2023 $'000	2022 $'000
Net cash from operating activities	3,355	6,039
Net cash used in investing activities	(1,296)	(1,929)
Net cash used in financing activities	(6,327)	(5,237)
Net decrease in cash and cash equivalents	(4,268)	(1,127)
Cash and cash equivalents as at end of year	**15,546**	**20,117**

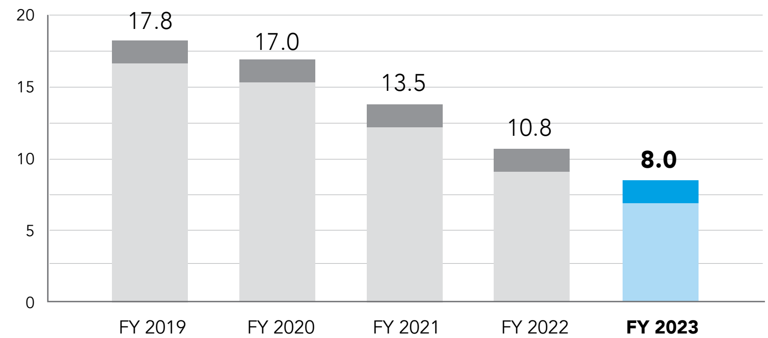
LOANS AND BORROWINGS

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

As at 31 December 2023, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately $1.6 million (2022: $1.7 million).

The Group uses gross gearing ratio (total borrowings as a percentage of total equity) to measure the debt leverage. As at 31 December 2023, despite the settlement of bank borrowings, gross gearing ratio increased to 0.41 times from 0.40 times in FY 2022 mainly due to the decrease in equity resulting from the loss registered in FY 2023.

LOANS AND BORROWINGS ($'million)



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

There were no **bills payable to banks** for the Group and for the Company as at 31 December 2023. The weighted average effective interest rate relating to the bills payable to banks was 4.25% per annum in the previous financial year. These bills matured within one to three months from 31 December 2022.

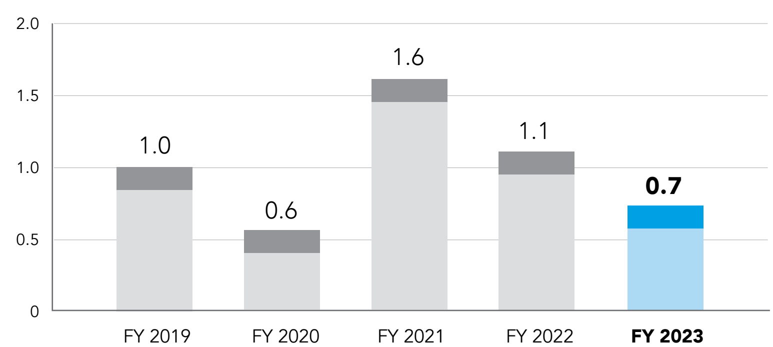
The unsecured **bank term loans** are revolving bank loans with several banks that bear interest at rates ranging from 4.75% to 5.01% (2022: 4.75% to 5.20%) per annum and are repayable within the next 12 months from the financial year end.

	2023 $'000	2022 $'000
Current liabilities:		
Bills payable to banks (unsecured)	-	25
Lease liabilities	1,387	838
Bank term loans (unsecured)	5,000	9,000
	6,387	9,863
Non-current liabilities:		
Lease liabilities	1,563	939
Total loans and borrowings	**7,950**	**10,802**

CAPITAL EXPENDITURE

In FY 2023, the capital expenditure incurred was mainly related to the purchase of motor vehicles and equipment. In addition, there were on-going enhancements made to the farm and other facilities in Singapore and overseas so as to enhance productivity and operational efficiency.

CAPITAL EXPENDITURE ($'million)



Financial Review (Cont'd)

DIVIDEND AND SHAREHOLDERS' RETURN

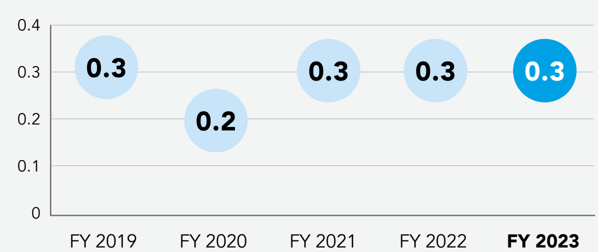
It has been Qian Hu's priority to achieve long-term capital growth for the benefit of the shareholders. The bulk of its profits, when made, shall therefore be retained for investment in the future. Nevertheless, the Company recognises the desire of some of its shareholders to receive income from their 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.

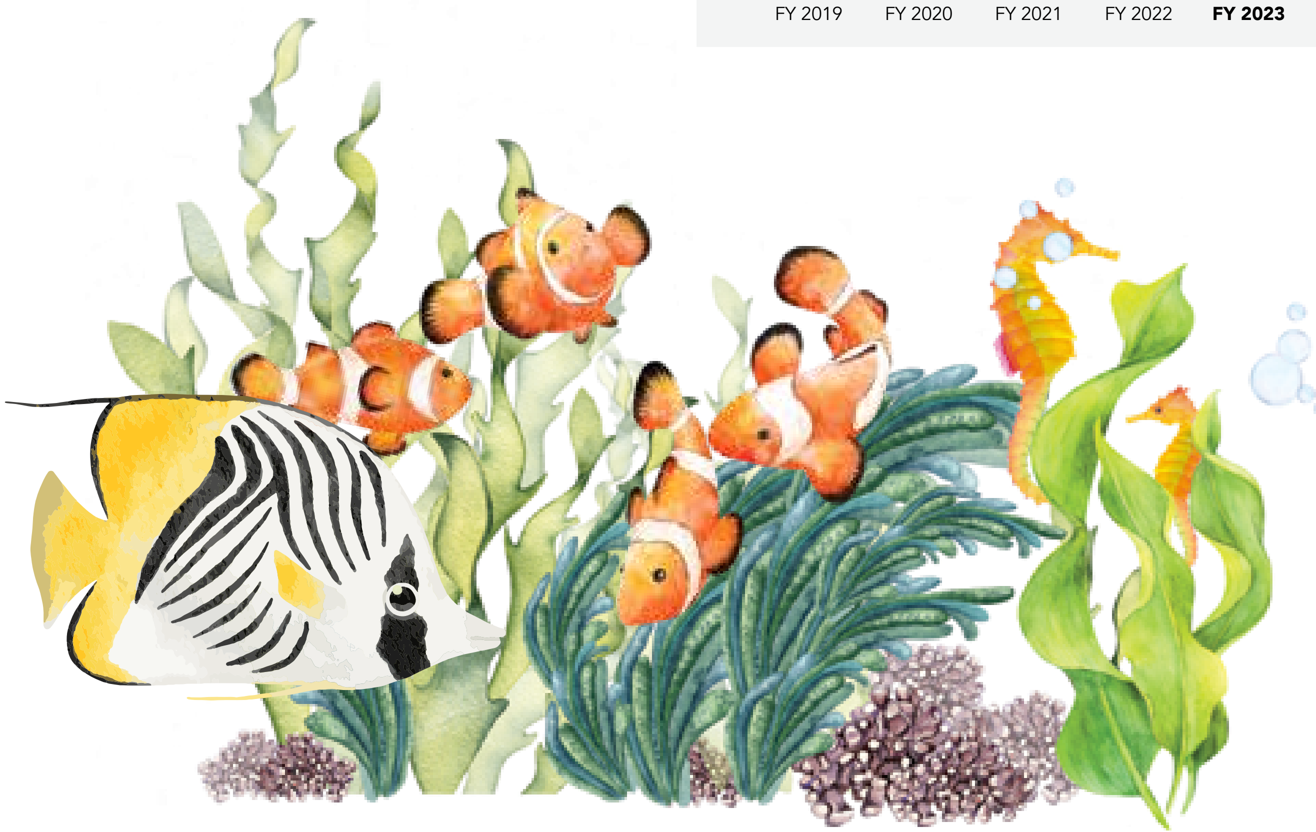
Qian Hu has formalised its dividend policy to provide a return to shareholders at least once a year through the payment of dividends. It aims to pay a sustainable and growing dividend over time, consistent with long-term growth prospects. The form, frequency and amount of dividends declared each year 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.

Subject to the shareholders' approval at the forthcoming Annual General Meeting to be held on 27 March 2024, the Directors proposed a first and final one-tier tax exempt dividend of 0.3 Singapore cent per ordinary share to be paid on 24 April 2024 in respect of the year ended 31 December 2023. For the previous financial year end, the Company paid a final cash dividend of 0.3 Singapore cent per ordinary share.

The Company has been declaring dividends every year since its Initial Public Offer (IPO) in Year 2000 (except for FY 2004 and FY 2016). Total dividend payout since then amounted to approximately $26.8 million, including the $341K of dividend proposed for FY 2023.

DIVIDEND PER SHARE (cents)





Sustainability Report

Contents

Sustainability Report (Cont'd)

1 ABOUT THIS REPORT

1.1 Report Scope

With the publication of the 13th edition of Qian Hu Corporation Limited's ("Qian Hu") annual sustainability report this year, we reiterate our dedication to sustainability since our inaugural report in FY 2011. Our latest Sustainability Report 2023 (or "the Report") demonstrates our ongoing commitment to sustainability and provides an overview of our approach, priorities, targets and performance. It supplements the financial and risk performance reported elsewhere in our Annual Report 2023 to present a balanced perspective of how we strive to build long-term values and invest for growth while supporting our stakeholders by focusing on environmental stewardship and enhancing the quality of life for all communities.

This Report addresses Environmental, Social and Governance ("ESG") considerations within our operational markets — Singapore, Malaysia, China, Thailand and Indonesia, unless specified otherwise. Financial data within the Report is presented in Singapore dollars and covers the period from 1 January 2023 to 31 December 2023 ("FY 2023"). There were no significant changes to the organisation's sectors, value chain and other business relationships during the reporting cycle.

1.2 Reporting Framework

At Qian Hu, transparency and comparability in our disclosures are pivotal to our commitment to sustainability. This Report has been prepared in compliance with the SGX-ST Listing Rules 711A & 711B and Practice Note 7.6 Sustainability Reporting Guide, as well as in accordance with the internationally recognised Global Reporting Initiative ("GRI") Standards 2021. The Report also references the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and aligns our sustainability efforts to the specific United Nations Sustainable Development Goals (UN SDGs).

The GRI Standards 2021 were adopted as the reporting framework of this Report as it provides thorough requirements and a wide range of material topics to enable meaningful engagement with our stakeholders on our sustainability progress and performance.

This Report has not been externally assured. We relied on our internal verification mechanisms to review the processes for the collection of data relating to the selected ESG factors. The approach to the internal review will continue to be enhanced alongside the maturity of the Group's sustainability reporting framework. We will also carry out the necessary external assurance in the future years as stipulated.

1.3 Report Contact and Feedback

Your feedback is valuable to us in improving our sustainability practices and reporting.

For any comments, inquiries, or perspectives regarding this Report and its contents, please send us your views at feedback@qianhu.com.

1.4 Message from the Board

Dear Stakeholders,

2023 has been a year of recovery for Qian Hu, where we focused on building a more resilient and sustainable business. Our fundamental approach towards sustainability has not wavered – we want to make a positive difference in the communities we operate in by actively innovating and enhancing our business portfolio, products and services to serve these communities best. Our 13th Sustainability Report outlines our ongoing commitment to sustainability without exception.

This year, our bottom line has taken a substantial hit, given our strategic decision to dispose of a substantial portion of our Asian Arowana brooder stocks. Due to certain mass-market varieties experiencing over-saturation and declining prices in recent years, we have decided to reduce breeding activities on this front.

Although this is a painful move in the short term, we believe this will bring about long-term benefits and prospects on many fronts. For one, it allows us to free up valuable resources and land space to be redeployed to explore new business activities that would generate better value for the Group.

The land-intensive earthen ponds vacated by the brooder stocks will be converted instead to breed and farm ornamental fish and aquacultural products in Singapore using the innovative Aqua-Ring Technology (ART) system. As a standalone, environmentally friendly and integrated energy-efficient system with zero discharge, this innovative technology will yield more fish in a shorter time, and in a much more sustainable manner as well.

Meanwhile, we have commenced the responsible disposal of our brooder stocks – donating some to farms in Malaysia that have shown interest and have the capacity to accommodate them. We have also donated a number of these brooder stocks to several schools in Singapore and we are in discussions with the Singapore Zoological Gardens to take some over as well. In all, this will shore up our resilience in the ornamental fish and aquaculture supply chains, whilst greatly reducing our environmental footprint.

As a leader in Singapore's aquaculture sector, Qian Hu is closely aligned with the Singaporean government's objective to meet 30% of the nation's nutritional needs by 2030. Through our engagement programmes, we provide support and guidance to local farmers grappling with increased production costs and market fluctuations. We are also actively involved in dialogues with the Singapore Food Agency to contribute insights to their master plan for the aquaculture sector.

On the environmental front, we are going beyond adopting and reporting TCFD recommendations by continuing to monitor, report and reduce our Scope 1 and Scope 2 GHG emissions. In fact, we have introduced several new technologies in our farms to assist in the reduction of resources to lower our carbon footprint.

In 2023, we have taken immediate steps to start measuring our Scope 3 emissions since we espoused this last year. We are of the view that this approach provides a strong foundation to develop our decarbonisation strategy and set carbon emission reduction targets.

Going forward in the next two years, we will undertake both qualitative and quantitative climate scenario analyses to comprehensively evaluate the diverse risks and opportunities presented by climate change. The aim is to equip Qian Hu with the insights necessary to enhance the resilience of our business operations against climate-related challenges and capitalise on emerging opportunities amidst an evolving landscape.

At Qian Hu, our people come first and employee welfare is a cornerstone of our operations. A well-supported and fulfilled workforce is pivotal not only for enhanced productivity but also essential to fostering a positive and dynamic work environment that drives innovation and growth. We are steadfast in our pursuit of enriching our workplace environment for all employees and continue to provide attractive benefits while investing in training and development programmes to nurture their well-being and engagement.

As a dedicated corporate citizen, community engagement is integral to our values at Qian Hu. We believe in building meaningful relationships with the communities we operate in, as our work is deeply intertwined with the well-being and development of these communities. We actively participate in social initiatives, including hospice events and donation campaigns, as well as educational tours that enrich the understanding of animal welfare and biodiversity.

In our journey forward, Qian Hu is unwavering in our commitment to deliver sustained value, ensuring that our strategies and actions continuously align with and effectively address the evolving needs of all our stakeholders, while aligning with our sustainability objectives. Our approach continues to be shaped by a deep sensitivity to stakeholders' needs, a determined focus on climate action, and a rigorous sustainable framework that steers our trajectory.

Sincerely,

Board of Directors
Qian Hu Corporation Limited

Sustainability Report (Cont'd)

2 OUR APPROACH AND STRATEGY

2.1 Governance Structure

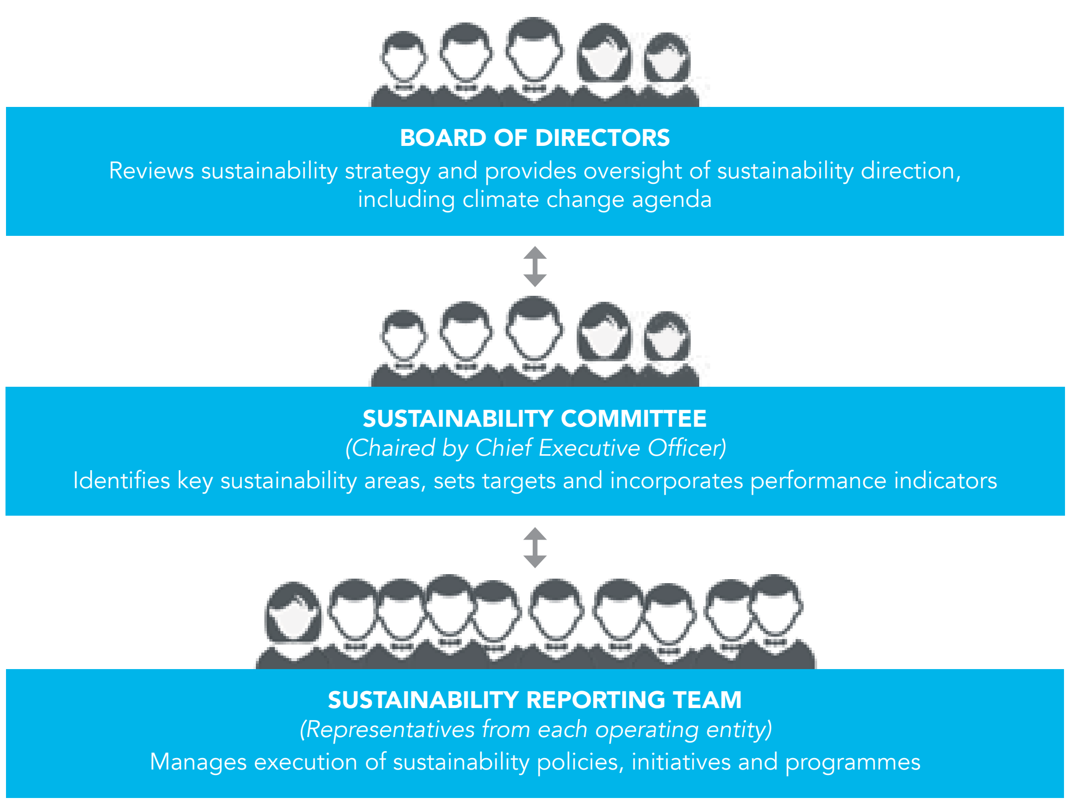
Qian Hu has a dedicated governance framework in place to drive, govern and manage the sustainability function to ensure that core material issues are incorporated into our corporate agenda. This structure drives our priorities to protect long-term interests and create value for our stakeholders.

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

The Board is supported by a **Sustainability Committee**, which is chaired by the Chief Executive Officer. The Committee provides leadership and spearheads our sustainability projects and initiatives, including the setting of sustainability performance benchmarks and key performance indicators.

Through the **Sustainability Reporting Team**, the Sustainability Committee engages businesses and functions in executing and managing the Group's ESG initiatives. This core team consists of representatives from each operating entity who have been delegated with specific sustainability reporting roles. They are actively involved in driving the Group's sustainability efforts, as well as the implementation and reporting of sustainability strategy and programmes in their respective entity, including collaborating on sustainability initiatives and sharing sustainability best practices across the Group.

ESG Governance Structure



2.2 Stakeholder Engagement

Our stakeholders are the entities or individuals that can be reasonably expected to be significantly impacted by our activities, products and services. Timely engagement with stakeholders enables us to understand their expectations and concerns so that we can align our mutual business interests and prioritise our ESG efforts, as well as explore new possibilities stimulated by their feedback.

For each group of stakeholders we have defined, we identified pertinent issues and established platforms for engagement. In FY 2023, our stakeholder engagement process shows no significant negative impacts from our business activities and operations on our stakeholders.

Approach to Stakeholder Engagement

Key Stakeholders	Engagement Methods	Interests and Concerns	Our Responses
Customers	• Annual customer satisfaction surveys • Site visits and/or meetings • Social media platforms • Trade fairs/exhibitions • Feedback through emails and phone calls	• Customer satisfaction • Quality products and services • Product pipeline • Sustainability efforts • Customer data privacy	• Feedback platforms available – active listening • Good customer service and prompt resolution of feedback • Product training • Professional and ethical standards in business conduct • Strong data security
Suppliers	• Site visits and/or meetings • Feedback through emails and phone calls • Vendor evaluation and assessments	• Product quality assurance • Supply chain management • Fair payment terms	• Supplier Code of Conduct • Vendor selection process • Pilot programme to share best practices to support and empower local farmers
Employees	• Performance appraisal discussions • Half-yearly staff dialogue and sharing sessions • Mobile-based chat groups • Regular floor walks • Annual employee opinion surveys • Bi-annual "Fish Matrix" in-house newsletters	• Competitive remuneration and benefits • Employee engagement • Talent retention • Workplace health and safety • Training and career development • Mutual trust and respect	• Fair and progressive human resource policy • Training opportunities and career development • Talent management and succession planning • Employee bonding sessions • Healthcare and Employee Assistance Programme (EAP) • Whistle blowing policy
Community	• Community engagement programmes • Sustainability reporting	• Good corporate citizenship • Positive impact on the environment	• Educational farm tours • Employee community programmes and initiatives • Business community interactions and sharing sessions

Sustainability Report (Cont'd)

2.2 Stakeholder Engagement (Cont'd)

Approach to Stakeholder Engagement (Cont'd)

Key Stakeholders	Engagement Methods	Interests and Concerns	Our Responses
Investors 	• Corporate website • Annual Reports • SGXNET announcements • Annual General Meetings ("AGM") and AGM minutes • Sustainability Reports • Investor Relations emails and Q&A • Media releases and interviews	• Financial performance • Stable growth and sustainable returns • Strong corporate governance and transparency • Risk management practices • Sustainability efforts	• Competent Board and management • Financial prudence • Robust corporate & risk governance • Timely reporting and disclosure
Regulators 	• Official circulations • Email correspondences • Seminars and conferences • Dialogue and feedback sessions	• Ethical and regulatory compliance • Environmental and social impact	• Compliance with regulatory requirements and guidelines • Strong governance and controls over operational and financial risks • Regular communications and participation in dialogue with government agencies and regulators on statutory requirements and new developments

2.3 Materiality Assessment

In FY 2022, Qian Hu conducted a materiality assessment workshop to identify key areas of concern on economic, environmental, social and governance matters. These concerns were mapped against material topics under the GRI Standards 2021 and the UN SDGs, and prioritised according to the level of impact on the business, as well as stakeholders' decisions. The management validated the material topics and prioritisation before presenting to the Board, refined them based on the directors' feedback, and obtained the Board's approval to be included in the Sustainability Report.

Materiality Assessment Approach

1. Identify
The material ESG topics were identified and assessed through stakeholder interviews with consideration of sector-specific risks and opportunities.

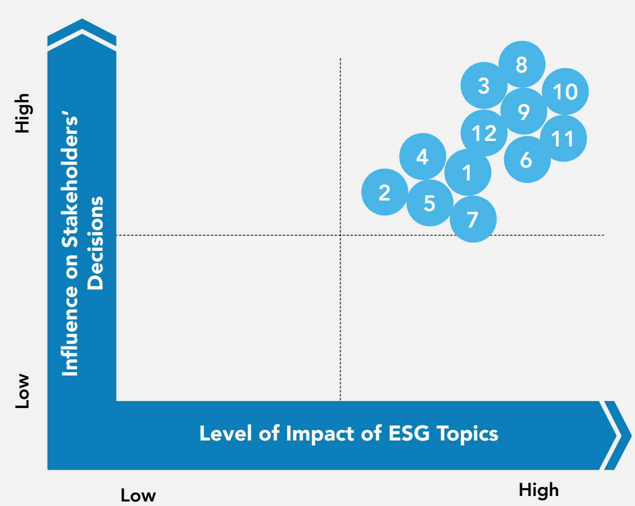
2. Prioritise
The material ESG topics were prioritised based on the level of their impact and their influence on stakeholders' decisions.

3. Validate
The materiality assessment and results were subsequently reviewed and endorsed by the management and the Board.

Material ESG Topics

We have identified 10 ESG topics that are material to our business. The material topics and their prioritisation are reviewed annually in the context of the prevailing global, economic and business conditions. As there has not been any major change in our business model, the material topics are in line with those reported in FY 2022. We will continue to re-evaluate our material topics through regular stakeholders' engagement for wider perspectives and to escalate and prioritise our sustainability efforts which are most relevant to our business and stakeholders.

The materiality matrix below shows the ESG topics identified and how they were prioritised by assessing their impact on the Group and their influence on stakeholders' decisions:



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

	Material ESG Topics	Importance and Reasons for Inclusion
ENVIRONMENTAL		
1	Climate Change (Section 4.1) - Energy and Emissions - Water Management - Waste Management	Climate action is a business imperative. We need to address and manage the impacts of climate change on our business.
2	Animal Welfare (Section 4.2)	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 4.3)	We are conscious of our business activities' impact on the ecosystems and habitats.
SOCIAL		
4	Training and Development (Section 5.2)	We continuously identify and groom talent in our niche sector so as to ensure that the Group is well-positioned to fulfil its business objectives and move towards long-term sustainable growth.
5	Health and Safety (Section 5.3)	Our operating environment requires us to pay utmost attention to the health and safety of our employees. Any disregard for health and safety aspects can have detrimental effects on the organisation and the well-being of our employees and customers.
6	Customer Satisfaction (Section 5.4)	Our customers are crucial to our long-term sustainability. We are dedicated to providing our customers with high-quality goods, dependable service and attentive after-sales support. We are also committed to having strong data privacy and security policy.
7	Innovation (Section 5.5)	We need to innovate to meet the evolving needs of our customers in order to stay relevant and to maintain our leadership in this sector.
8	Supply Chain Management (Section 5.6)	We need to maintain a reliable and sustainable supply chain to minimise potential disruptions to our business operations.
ECONOMIC AND GOVERNANCE		
9	Business Ethics (Section 6.1)	We uphold the highest ethical standards and conduct our business in compliance with all relevant laws and regulations.
10	Economic Performance (Section 7)	Our internal and external stakeholders expect us to deliver stable and sustainable financial performance and value-added contribution.
	Non-Material ESG Topics	**Importance and Reasons for Inclusion**
11	Diversity and Equality (Section 5.1)	Qian Hu inevitably has more male employees in our operational team due to the industry's workforce demographics and the nature of our operations. We acknowledge the circumstances and will continue to practise inclusive hiring and strive to develop a diverse talent pool where feasible.
12	Community Engagement (Section 5.7)	Our involvement in the society and community contribution efforts can be traced back to our early days. We will continue with our commitment in contributing and giving back to the community through various channels.

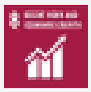
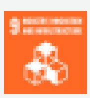
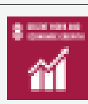
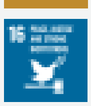
2.4 Alignment with United Nations Sustainable Development Goals (UN SDGs)

UN SDGs were adopted by the United Nations in 2015 as a universal call to secure the well-being of individuals, communities and the planet. It consists of a blueprint with 17 interlinked goals designed to address the world's most pressing sustainability development challenges, such as poverty, inequality, climate change, environmental degradation, peace and justice.

In support of the UN SDGs, Qian Hu has aligned our sustainability efforts with 10 UN SDGs most relevant to our business operations.

The following table outlines how we have mapped out our material topics to the selected UN SDGs, relevant GRI Topic Standards where applicable and our FY 2023 performance against targets.

Material ESG Topics	UN SDGs	GRI Topic Standards	FY 2023 Performance	Commitments and Targets
Climate Change • **Energy and Emissions** • **Water Management** • **Waste Management**		• GRI 302: Energy • GRI 303: Water and Effluents • GRI 305: Emissions • GRI 306: Waste	• Energy consumption – 5,725 MWh (2022: 5,880 MWh) • Energy use intensity – 35 kWh/m^2 (2022: 36 kWh/m^2) • GHG Emissions Scope 1 and Scope 2 – 3,499 tCO_2e (2022: 3,563 tCO_2e) Scope 3 - 73,280 tCO_2e (2022: Not Applicable) • Water consumption – 219,976 m^3 (2022: 220,067 m^3) • Water use intensity – 1.36 m^3/m^2 (2022: 1.35 m^3/m^2) • Plastic waste recycled – 96 tonnes (2022: 116 tonnes)	• Reduce water and energy use intensity by 10% by 2025 using 2020 as a baseline year (Please refer to Section 4 for more details)
Animal Welfare		• GRI 13.11: Animal Health and Welfare	• Average monthly in-house fish loss rate at 5% (2022: 7%)	• Maintain an in-house fish loss rate of not more than 5%
Biodiversity		• GRI 304: Biodiversity	• 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		• GRI 404: Training and Education	• Average of 13.2 training hours per employee (2022: 10.4 training hours)	• Average of 16 training hours per employee per year

Material ESG Topics	UN SDGs	GRI Topic Standards	FY 2023 Performance	Commitments and Targets
Health and Safety	  	• 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 4.16 out of 5 (2022: 4.17) • Dead-On-Arrival rate for fish sales at 2% (2022: 3%)	• Continue to enhance customer satisfaction level with improved service and quality products • Uphold the highest standards of customer data privacy protection • Maintain the Dead-On-Arrival rate for fish sales of not more than 3%
Innovation		–	13 new products were launched (2022: 21): • Aquarium Accessories: 6 • Pet Accessories: 7	• Develop more than 10 new products per year
Supply Chain Management	  	–	• Communicated our "Supplier 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 18 July 2023 and full-year results (audited) released on 12 January 2024 • "Best Risk Management – Bronze" award at the Singapore Corporate Awards 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

Material ESG Topics	UN SDGs	GRI Topic Standards	FY 2023 Performance	Commitments and Targets
Economic Performance		• GRI 201: Economic Performance	• Group Revenue – \$70.3 million (2022: \$75.3 million) • EBITDA - \$(5.6) million (2022: \$5.4 million) • (Loss) Profit attributable to the owners of the Company – \$(9.3) million (2022: \$1.4 million) • (Loss) Earnings per share – (8.17) cents (2022: 1.23 cents) • Net assets per share – 34.79 cents (2022: 43.39 cents) • Final dividend of 0.3 cents per share – totalling approximately \$341K (2022: 0.3 cents) (See pages 34 to 44 of this report for further details)	• Revenue and profit growth • New business initiatives • Sustainable dividend payout • Prudent capital management

For a detailed breakdown of our FY 2023 performance and targets on the respective material ESG topics, please refer to Sections 4, 5, 6 and 7 of this report.

3 DECARBONISATION EFFORT

The effects of climate change have profound implications for businesses and society. For Qian Hu, given the nature of our business, reducing the impact of climate change on our operations and remaining climate-resilient is a business imperative.

3.1 TCFD Risk Management and Implementation Roadmap

Qian Hu has embarked on its climate change sustainability journey with the adoption of the TCFD framework in FY 2022, the Group aims to provide the climate-related disclosures, consistent with the TCFD recommendations, with a phased implementation approach.

In FY 2022, being our first-year reporting on these climate-related disclosures, we have described the governance structures and the processes for identifying and managing climate-related risks, and identified the risks and opportunities, and mitigating actions brought by global climate change. This year, we further categorised and assessed the potential impacts of the climate-related risks and opportunities identified over the short (within 2 years), medium (3 to 5 years) and long term (beyond 5 years) which are relevant to the Group. In the coming two years, we would dive deeper into the formulation of business strategy and financial planning related to the identified climate-related risks. This will include the utilisation of qualitative and quantitative scenario analysis, the establishment of targets, and the full integration of climate-related risks into our overall organisation risk management.

We have also disclosed our Scope 1 and Scope 2 GHG emission data in FY 2022 and selected Scope 3 GHG emission categories, with the respective measurement methodology, in FY 2023. We will include the GHG emission reduction targets in qualitative and quantitative terms in subsequent years.

The TCFD with 11 recommended disclosures across four pillars, namely governance, strategy, risk management, metrics and targets, was set out on pages 83 and 84 of this Annual Report.

3.2 Climate-Related Risks and Potential Financial Impacts

The following table summarises the climate-related physical and transition risks identified for the Group across the short, medium and long term, as well as the potential financial impacts on our business.

Risk Type[1]	Climate-Related Risks	Potential Financial Impacts
Physical	**Acute** - Increased severity of extreme weather events such as floods, heavy rain and droughts **Chronic** - Rising temperature - Rising sea levels - Change in precipitation patterns	**Short to Medium Term** - Reduction in revenue due to interruption in business activities (such as logistics delay and supply chain disruption) with the increase in frequency and intensity of extreme weather events. - Reduction in revenue due to lower breeding output caused by adverse and unprecedent weather conditions. - Higher operating costs and capital costs for repair works and/or the need to equip with more climate-resilient infrastructure as a result of damage to facilities. - Prolonged high temperatures may decrease the availability of oxygen in the water, impacting the fish's health and ultimately the survival and quality of these fish.

Risk Type[1]	Climate-Related Risks	Potential Financial Impacts
Transition	**Policy and Legal** - Increased pricing of GHG emissions - Enhanced emission-reporting obligations - Exposure to litigation	**Short Term** - Increase in compliance costs to meet the mandatory climate-related disclosure requirements (e.g. by SGX). **Medium to Long Term** - Increase in carbon tax imposed by the Singapore government to achieve its net zero carbon emission goal may increase future business costs (such as transfer of carbon pricing from suppliers). - Regulators in different jurisdictions where we operate could impose additional or more stringent environmental policies on our products. Failure to comply may result in litigation risks.
	Technology - Substitution of existing technology and know-how - Costs to transition to lower emissions technology	**Medium Term** - Research and development (R&D) expenditures in new and alternative technology. - Capital investment in technology development, including but not limited to, new methods of fish and seafood farming (e.g. real-time digital monitoring) and in the manufacturing of aquarium accessories and plastic products. - Costs to deploy new practices and processes. - The need to phase out certain existing assets in the transition to a lower carbon economy so as to enhance resources efficiency.
	Market - Changing customers' demand and preferences for eco-friendly and sustainable products	**Short to Medium Term** - Reduction in demand for goods/services due to shift in consumers' preferences, thus impacting revenue. - Increase in business costs in developing low emission sustainable products to meet customers' requirements (e.g. sourcing of sustainable materials may result in higher cost).
	Reputation - Increase in stakeholders' concerns and awareness	**Medium Term** - Consumers are more environmentally conscious and expect companies to consider environment issues. - Access to capital availability may be affected by stakeholders' demand for climate-related disclosures and actions.

[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.

3.3 Climate-Related Opportunities and Potential Financial Impacts

Climate change not only brings about challenges to the Group's business operations but could also give rise to opportunities.

The climate-related opportunities and the potential financial impacts are presented in the table below:

Type	Climate-Related Opportunities	Potential Financial Impacts
Resource Efficiency **(Short to Medium Term)**	We continually improvise and innovate in fish farming methods to promote resource efficiency to attain a lower carbon footprint. We have installed the Multi-Tier Automated Recirculation Holding Tank System in various farms across our operations to reduce water consumption 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. This eliminates the need to change water daily to reduce the ammonia build-up in the tanks and recycles water whilst maintaining the health of our fish. In addition, we are committed in our investments in smart aquaculture practices to mitigate biosecurity and to promote aquaculture productivity. We have applied Artificial Intelligence ("AI") and Internet of Things ("IoT") - based technology into fish/shrimp farming. This cloud-based solution streamlines the monitoring of different aspects of our ponds, including dissolved oxygen levels, water pH and animal behaviour patterns, and allows us to always maintain the best possible pond conditions and administer an optimal amount of feed for the fish/shrimps, hence helping in enhancing productivity and predictivity while reducing risks and costs.	- Reduction in operating costs through water recycling and improved work-flow efficiency. - Increase in production yield and lower morality rate of fish. - Balancing environmentally sustainable practices with our business objectives of supplying good quality fish for sale and distribution, resulting in increase in revenue.
Energy Source **(Medium to Long Term)**	We have deployed renewable energy where operationally feasible. Our subsidiaries in China and Thailand have installed solar panels to supply electricity for certain of their operation needs. We are currently assessing the feasibility of installing solar panels in our Singapore farm to further capture the benefits of clean energy.	- Decrease in operational costs through self-generating energy. - Reduce exposure to future fossil fuel price increases with the decreased reliance on the power grid. - Lower GHG emission and less affected by the increase in carbon tax

Type	Climate-Related Opportunities	Potential Financial Impacts
Products and Services **(Short to Medium Term)**	Consumers are increasingly looking for green, sustainable and socially responsible products. We strive to develop new low emission sustainable products through R&D and innovation to meet the changing customers' preferences and to reduce environmental impacts.	- Improve in revenue through increase in demand for sustainable products. - Better customer engagement and effective brand building through the development and sale of sustainable products. - Improve in employee satisfaction and boost productivity as employees observe the positive effects their products have on the environment and society, resulting in lower costs.
Resilience **(Medium to Long Term)**	**Supply Chain Resilience** We are actively engaged in ongoing research and development on fish breeding techniques and methods to explore the possibility of transitioning several of our operation facilities indoors for better control over environmental conditions and mitigate the impacts of physical risk. In FY 2023, we have started piloting an Aqua-Ring Technology (ART) system in Singapore which is an environmentally friendly integrated energy-efficient system with zero discharge. This standalone system also enhances biosecurity, with minimal risk of disease outbreaks and cross-contamination. This move is to shore up resilience in our ornamental fish supply chain against climate-related risks as this innovative technology is expected to yield more fish in a much shorter time and in a more sustainable manner. **Infrastructure Resilience** To complement our ongoing research and development efforts, we intend to embark on strategic reviews and explore the use of climate scenario analysis to assess the exposure and vulnerability of our infrastructure to physical climate risks. Subsequently, we will develop an action plan to avoid and/or mitigate these risks following the completion of our scenario analysis.	- Increase reliability of supply chain and ability to operate under various conditions. - Increase in revenue through consistency in supplies and value propositions.

4 ENVIRONMENTAL

Our environmental policy focuses our efforts towards being mindful of the use of resources, having a long-term plan to decarbonise, and managing key climate risks and opportunities.

With the policy put in place across all our business entities, we proactively review our processes and systems to promote the sustainable use and management of resources - energy, water and waste. We strive to build business operations which are climate-resilient, thus reducing the impact of climate change on our operations. Our Singapore farm is ISO 14001 certified. We also comply with all relevant laws and regulations in the countries where we operate and there were no cases of non-compliance with relevant environmental laws and regulations in FY 2023.

During FY 2023, having put in place new initiatives, we managed to contain both water and electricity consumption as compared to the previous years. Our targets set for the reduction of the utility services are as follows (using FY 2020 as the baseline year):

Environmental Performance Indicators	Parameter	Targets (Baseline Year - FY 2020)
Water Consumption	Intensity (m^3/floor area)	Short-term Target (by FY 2025) – Reduction of 10% Medium-term Target (by FY 2028) – Reduction of 12% Long-term Target (by FY 2035) – Reduction of 15%
Energy Consumption	Intensity (kWh/floor area)	Short-term Target (by FY 2025) – Reduction of 10% Medium-term Target (by FY 2028) – Reduction of 12% Long-term Target (by FY 2035) – Reduction of 15%

Qian Hu's efforts to decarbonise and reduce our greenhouse gas ("GHG") emissions are part of our long-term plan to support Singapore's transition to a lower-carbon economy. In FY 2022, we presented our Scope 1 and Scope 2 GHG inventory as our baseline emissions and continued to reduce, measure and report our Scope 1 and Scope 2 emissions this year. Recognising the need to measure the upstream and downstream emissions in our value chain, we have included our Scope 3 inventory in FY 2023. We will strive to set GHG reduction targets and disclose a decarbonisation strategy to reduce our carbon footprint in FY 2024.

4.1 Climate Change

4.1.1 Emissions

Recognising the critical role emissions play in environmental impact and that reducing GHG emissions is necessary for us to transit into a low carbon economy, we have started to track our Scope 1 and Scope 2 GHG emissions and established a baseline for emissions measurement in FY 2022 for future target setting purposes. The methodology was based on the Greenhouse Gas Protocol, which is an internationally recognised standard for GHG reporting.

In FY 2023, not only have we continued to measure and report our Scope 1 and Scope 2 emissions, but we have also initiated the computation of our Scope 3 inventory to address our upstream and downstream emissions. This will enable us to identify the large emission sources across our supply chain, so that we can prioritise and focus on the most imperative aspects of our decarbonisation strategy to mitigate our carbon footprint, demonstrating our commitment to sustainable practices. We will look to develop a decarbonisation roadmap, including the setting of GHG emission reduction targets, in subsequent years.

We monitor and report Scope 3 emissions to enhance our carbon reduction efforts by identifying large emission sources along our value chain. As such, 6 of the 15 Scope 3 categories were ascertained to be in relation to Qian Hu's business operations. In the coming years, we will continue to review and determine if the other Scope 3 categories have reached significant levels for disclosures.

The combined Scope 1 and Scope 2 emissions were 3,499 tonnes of CO_2e in FY 2023, representing a decrease of 1.8% as compared to FY 2022. Scope 3 emissions were 73,280 tonnes of CO_2e in FY 2023.

Carbon Emissions (tonnes of CO_2e)	FY 2023	FY 2022 (Baseline Year)	Methodology
Scope 1			
• direct emissions from fuel combustion from own vehicle fleet, fuel used in power generators and cooking gas	665	702	Activity data
Scope 2			
• indirect emissions from purchased electricity consumed by the operational activities of Qian Hu, at both owned and rental facilities	2,834	2,861	Activity data
Scope 3			
• Purchase of goods and services (Category 1)	42,115	NA	Spend-based and Average-data method
• Capital goods (Category 2)	106	NA	Spend-based method
• Fuel and energy-related activities (Category 3)	821	NA	Average-data method
• Upstream transportation and distribution (Category 4)	12,979	NA	Spend-based and Distance-based method
• Employee commuting (Category 7)	338	NA	Distance-based method
• Downstream transportation and distribution (Category 9)	16,921	NA	Spend-based and Distance-based method
Total Scope 1 and Scope 2 Emissions	**3,499**	3,563	
Total Scope 3 Emissions	**73,280**	NA	

NA: Not Applicable

4.1.2 Energy Consumption

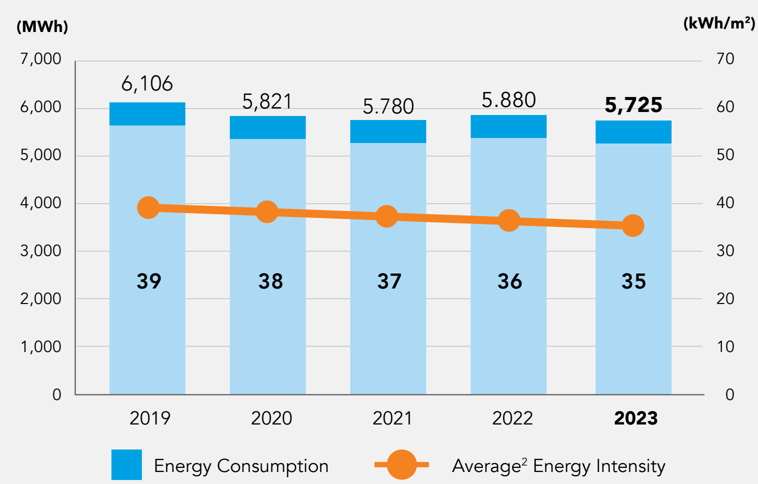
We are closely aligned with Singapore's national goals to mitigate climate change by optimising our energy consumption and reducing GHG emissions.

Our largest source of emission is electricity purchased from utility companies (reported as Scope 2 emissions) which is generally used for our operational activities. To reduce energy usage, we have in place conservation practices within our premises, such as conscientiously turning off lights and replacing equipment to embrace energy-efficient alternatives, to achieve cost savings and improve our energy intensity.

We have also deployed renewable energy where operationally feasible. For example, our subsidiaries in China and Thailand have installed solar panels to supply electricity for certain of their operation needs. This has resulted in cost savings, reduced carbon footprint and decreased reliance on the national grid.

In FY 2023, our group-wide energy consumption stood at 5,725 MWh which was a decrease of 2.6% in our energy consumption as compared to FY 2022. This was mainly due to a new initiative introduced gradually in the current year to replace the water pumps used in the various Multi-Tier Automated Recirculation Holding Tank Systems from the dual-pump system to the more energy efficient single-pump system.

ENERGY CONSUMPTION AND INTENSITY



Total Energy Consumption
5,725 (MWh)
5,880 (MWh) in 2022

Average Energy Intensity
35 (kWh/m²)
36 (kWh/m²) in 2022

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

4.1.3 Water Management

Water management is a challenge for all urban areas in order to meet current and future needs. Qian Hu recognises that water is a limited natural resource and needs to be consumed responsibly, especially when it comes to our fish segment which is highly dependent on clean water supply. Poor water management can affect the health and growth of the fish. In addition, the impact of climate change, such as periods of drought or abnormal precipitation rates, can also disrupt our operations and supply chain.

In Singapore, where water scarcity is a key concern, Qian Hu utilises advanced technologies for efficient water management, conservation and usage. This aligns with the nation's broader efforts to ensure sustainable water resources, reinforcing our commitment to responsible environmental stewardship and resource management. We are constantly exploring a variety of innovative practices and technologies to better manage, conserve and recycle water.

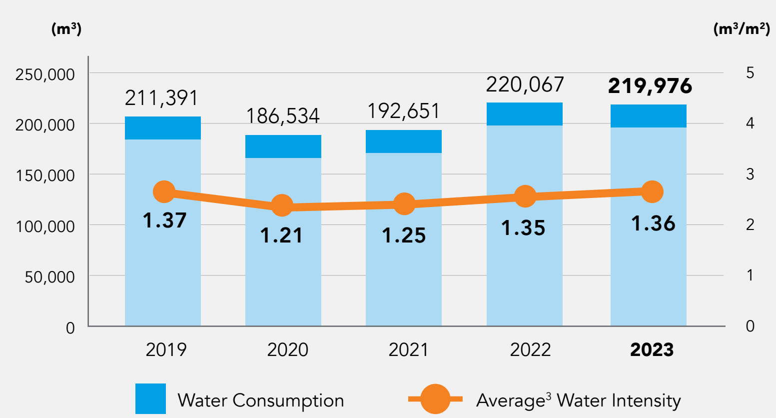
One of our long-term objectives is to reduce our water consumption by recycling all the water utilised in our operations. To achieve this, we have put in place various closed-loop recirculatory aquaculture system ("RAS") which circulates and recycles water through aeration technology to reduce the amount of freshwater consumed. In addition, we have water storage systems within the farms to retain water secured from the natural sources (such as rainwater). Since FY 2018, we have installed a water treatment system for the water storage tanks in Singapore. This uses a bacterial nitrification process to reduce the water ammonia and nitrate levels while increasing the 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, thus reducing our water usage.

We also consistently monitor the water quality and manage effluents in our fish and aquaculture operations, which is fundamental and integral to our overarching water management strategy. To uphold our stringent standards, we have implemented a comprehensive water quality testing regime, including the engaging of a reputable third-party organisation for the annual assessment of water samples at our Singapore farm. Key parameters such as biochemical oxygen demand, chemical oxygen demand, total suspended solids, and total dissolved solids, are collated to ensure that they are within acceptable limits. This approach underscores our dedication to environmental sustainability and the well-being of our aquatic ecosystem.

We have set out below our group-wide water consumption level in FY 2023, where both our total water consumption and water use intensity of 219,976 m^3 and 1.36 m^3/m^2 respectively were comparable to FY 2022.

While our water consumption data currently represents only the utility and well water supply, we are enhancing our measurement and data collection tools to accurately measure our water extraction from other natural resources, while abiding by all prevailing laws and regulations before extracting water from these natural sources. Meanwhile, we will continue to focus on improving our water management process to achieve greater savings in the future.

WATER CONSUMPTION AND INTENSITY



Total Water Consumption
219,976 (m^3)
220,067 (m^3) in 2022

Average Water Intensity
1.36 (m^3/m^2)
1.35 (m^3/m^2) in 2022

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

Sustainability Report (Cont'd)

4.1.4 Waste Management

Waste contributes to climate change, pollutes the environment and creates conditions for diseases to thrive. The extensive use of packaging materials for the import, export and sale of our products generates both general and packaging waste such as cartons, plastic bags and styrofoam boxes. To manage our impact and reduce packaging costs, we are actively working to minimise waste through recycling and reuse initiatives.

We have a waste management programme to drive these 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.

Our subsidiary, Qian Hu Tat Leng Plastic Pte. Ltd., engages in the production of high-density and low-density polyethylene bags for commercial and industrial use. We collect discarded plastic waste which is sent to a third party for recycling, and the recovered plastic resins are reintegrated into the manufacturing process. In FY 2023, we recycled 96 tonnes of plastic waste[4] as compared to 116 tonnes in FY 2022 due to lower wastage during the production process. For the other entities, 51 tonnes of aluminium, steel, carton, plastic, styrofoam and glass waste[5] were also recycled in FY 2023 as compared to 35 tonnes in FY 2022.

[4] Plastic waste refers to that generated and recycled by Qian Hu Tat Leng Plastic Pte. Ltd.
[5] This excludes plastic waste from Qian Hu Tat Leng Plastic Pte. Ltd.

4.2 Animal Welfare

As Qian Hu deals with livestock daily, ensuring animal welfare is a key component of our operations. Irresponsible handling of fish can lead to health issues, disease outbreaks and high fish mortality rates.

As part of our quality assurance process, 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 installed in various farms across our operations 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 practise the responsible use of approved antibiotics on ornamental fish. Our research and development team identifies fish infected by parasites and introduces appropriate treatment methods.

Our strategic partnership with AquaEasy Pte Ltd, an aquaculture solutions provider, also enables us to deploy Artificial Intelligence (AI) and Internet of Things (IoT)-based solutions into farming. This technology streamlines the monitoring of different aspects of the pond environment, such as dissolved oxygen levels, water pH and livestock behaviour patterns. The real-time information obtained from the sensor readings allows us to always maintain the best possible pond conditions and administer an optimal amount of feed for the livestock, hence, helping to enhance productivity, predictivity and the implementation of sustainable aquaculture practices while reducing risks and costs.

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 2023, our average monthly in-house fish loss rate was on target at 5%, which was an improvement from 7% reported in FY 2022.

Case Study:

Qian Hu continues to embrace new and evolving technologies to maximise the well-being of the animals under our care. In FY 2023, we are pilot testing the Aqua-Ring Technology (ART) system in Singapore – an environmentally friendly integrated energy-efficient system with zero discharge. This standalone system also enhances biosecurity, with minimal risk of disease outbreaks and cross-contamination.

We plan to convert the earthen ponds vacated by the Arowana brooder stocks to accommodate this new technology at our Singapore farm to carry out the breeding and farming of certain species of ornamental fish as well as food fish.

The ART system can accommodate both freshwater and marine species and is ideal for intensive breeding and farming. This allows us to scale our breeding exponentially with an increased efficiency over the conventional breeding system. We plan to implement the system across our farms, starting from Singapore, so as to further reduce our footprint on the environment.

4.3 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 concern in this regard is the accidental release of non-native species of animals into the local ecosystems, which can negatively impact the local species. To avoid such biodiversity risks, a strict protocol is in place to minimise any accidental release of fish and other aquatic animals from our farms. For instance, in the event of storms and floods, the design of our fish farm and breeding ponds in Singapore ensures 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 the guidelines set forth by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), which govern the international trade of wild animals and plants, to ensure that our business activities do not pose a threat to the survival of these species.

In FY 2023, to the best of our knowledge, there were no reported incidents of significant impacts on biodiversity in the areas where we operate.

5 SOCIAL

5.1 Diversity and Equality

Qian Hu continues to hold the "People First" principle in the highest regard and our employees and people are the foundation of our success. A diverse and inclusive workplace is not only fundamental to our core values but also to our business success. We strive to promote an inclusive workplace for all based on their merit and ability. Across our Group, we work to foster diversity and equality among our employees, regardless of their geographical locations and job levels.

To us, diversity and equality equate to equal access to professional growth and employment benefits, regardless of age, gender, ethnicity, religion, sexual orientation, disability, political affiliation, or any other personal attributes unrelated to one's work. It promotes the inclusion of different perspectives and ideas, mitigates against groupthink and ensures that the Group has the opportunity to benefit from all available talent.

Our commitment to inclusion and diversity starts from our leadership team. 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.
(More details on the Board Diversity Policy are set out on pages 92 and 93 of this Annual Report)

We treat all employees with respect and dignity and embrace the principles of fair employment. We practise inclusive hiring processes, in line with the Tripartite Guidelines on Fair Employment Practices provided by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) under the Ministry of Manpower, the Singapore National Employers Federation, and the National Trades Union Congress. Across the Group, we have a total of 522 employees, consisting 37% and 63% of female and male employees respectively. Due to the industry's workforce demographics and the nature of our operations, it is inevitable that there will be more male employees in our operational team. However, we remain committed to empowering women across our operations and continue to support their career growth and development.

We also recognise the extensive experiences that senior workers bring, and it is our practice to continue to re-employ employees beyond the retirement age, should health and job requirements permit. As at 31 December 2023, almost 20% of our employees are above 50 and 34 employees are above the current retirement age. A majority of our employees are between 30 to 50 years of age.

In addition to the remuneration package which consists of both fixed and performance-based variable components, our employees are eligible for benefits such as parental leave, birthday leave and compassionate leave, along with the statutory benefits outlined by the statutory manpower legislation. These added benefits help to attract and retain good talents and build a positive work culture. During FY 2023, we had 129 new hires and 131 resignees, which translates to a new hire and turnover rate of 24.7% and 25.1% respectively. There was no significant fluctuation in the total number of employees in FY 2023 as compared to FY 2022.

We are pleased to share that our Employee Satisfaction Index score stood at 4.59 (out of 6) in FY 2023, comparable to 4.6 in FY 2022. We will, nonetheless, continue to explore different avenues to enhance conducive workplace practices for all our employees.

We strictly uphold human rights principles, including the prevention of child labour, forced labour and human trafficking. We adhere to the Singapore Prevention of Human Trafficking Act 2014 (Chapter 45) and comply with applicable laws and regulations in the countries where we operate. As a small-medium enterprise, our operations do not involve trade unions. Therefore, no employee is covered under collective bargaining agreements.

In FY 2023, there were no reported cases of discrimination or violations of human rights.



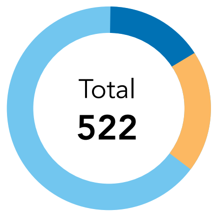

Sustainability Report (Cont'd)

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

FY 2023
Employees by Gender and Age Groups

Male
327
(63%)

Female
195
(37%)

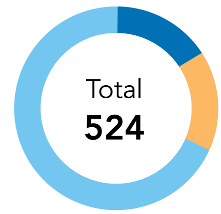


Under 30 years old	30 to 50 years old	Over 50 years old
Total: 97 | 18%	Total: 322 | 62%	Total: 103 | 20%

FY 2022
Employees by Gender and Age Groups

Male
333
(64%)

Female
191
(36%)

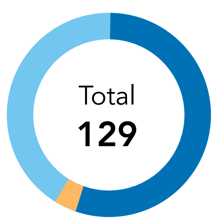


Under 30 years old	30 to 50 years old	Over 50 years old
Total: 95 | 18%	Total: 333 | 64%	Total: 96 | 18%

FY 2023
New Hires by Gender and Age Groups

Male
91
(71%)

Female
38
(29%)

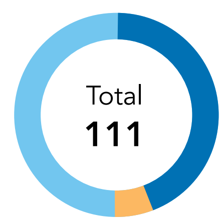


Under 30 years old	30 to 50 years old	Over 50 years old
Total: 66 | 51%	Total: 61 | 47%	Total: 2 | 2%

FY 2022
New Hires by Gender and Age Groups

Male
70
(63%)

Female
41
(37%)

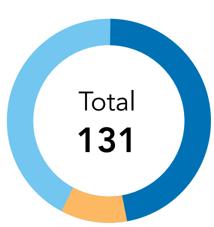


Under 30 years old	30 to 50 years old	Over 50 years old
Total: 50 | 45%	Total: 55 | 50%	Total: 6 | 5%

FY 2023
Turnover by Gender and Age Groups

Male
97
(74%)

Female
34
(26%)

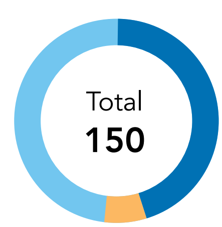


Under 30 years old	30 to 50 years old	Over 50 years old
Total: 49 | 38%	Total: 71 | 54%	Total: 11 | 8%

FY 2022
Turnover by Gender and Age Groups

Male
85
(57%)

Female
65
(43%)



Under 30 years old	30 to 50 years old	Over 50 years old
Total: 69 | 46%	Total: 73 | 49%	Total: 8 | 5%

Employee Profile

	SINGAPORE			MALAYSIA			THAILAND			INDONESIA			CHINA			TOTAL		
EMPLOYEE PROFILE	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Total Employees (Number)	**180**	**188**	**190**	**74**	**74**	**86**	**95**	**94**	**92**	**31**	**31**	**32**	**142**	**137**	**163**	**522**	**524**	**563**
Employees by Gender (Number)																		
Male	120	129	129	48	47	54	69	68	66	24	24	25	66	65	73	327	333	347
Female	60	59	61	26	27	32	26	26	26	7	7	7	76	72	90	195	191	216
Employees by Age Group (Number)																		
Under 30 years old	25	19	22	14	17	27	27	28	25	11	12	12	20	19	38	97	95	124
30 to 50 years old	91	98	105	47	43	38	66	64	45	17	17	18	101	111	118	322	333	324
Over 50 years old	64	71	63	13	14	21	2	2	22	3	2	2	21	7	7	103	96	115
Employees by Employee Category (Number)																		
Key management	18	19	19	1	2	2	2	3	3	2	2	2	1	1	1	24	27	27
Middle management and Executives	48	47	47	25	33	22	34	42	26	1	1	5	21	27	25	129	150	125
Admin & Operational staff	114	122	124	48	39	62	59	49	63	28	28	25	120	109	137	369	347	411
Employees by Employment Contract (Number)																		
Permanent	180	188	190	74	74	86	95	94	92	31	31	32	142	137	163	522	524	563
- Full time	176	185	187	74	74	82	95	94	92	30	30	31	142	137	163	517	520	555
- Part time	4	3	3	0	0	4	0	0	0	1	1	1	0	0	0	5	4	8
Temporary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employees by Length of Service (Number)																		
Less than 5 years	64	68	64	39	39	46	25	24	25	9	14	16	60	66	106	197	211	257
5 to 10 years	31	34	44	15	15	21	33	36	34	14	9	8	36	27	23	129	121	130
Over 10 years	85	86	82	20	20	19	37	34	33	8	8	8	46	44	34	196	192	176
New Hires																		
Total new hires (number)	31	44	50	13	16	20	9	6	18	0	1	5	76	44	101	129	111	194
New Hires by Gender (Number)																		
Male	15	22	38	11	12	14	5	6	16	0	1	2	60	29	77	91	70	147
Female	16	22	12	2	4	6	4	0	2	0	0	3	16	15	24	38	41	47
New Hires by Age Group (Number)																		
Under 30 years old	16	15	11	7	8	10	9	6	16	0	1	4	34	20	50	66	50	91
30 to 50 years old	15	24	25	5	7	9	0	0	2	0	0	1	41	24	51	61	55	88
Over 50 years old	0	5	14	1	1	1	0	0	0	0	0	0	1	0	0	2	6	15
Turnover																		
Total turnover (number)	39	46	43	13	28	33	8	4	14	0	2	2	71	70	86	131	150	178
Average monthly turnover rate (%)	1.8	2.0	1.9	1.5	3.2	3.2	0.7	0.4	1.3	0.0	0.5	0.5	4.2	4.3	4.4	2.1	2.4	2.6
Turnover by Gender (Number)																		
Male	24	23	31	10	19	26	4	4	9	0	2	1	59	37	67	97	85	134
Female	15	23	12	3	9	7	4	0	5	0	0	1	12	33	19	34	65	44
Turnover by Age Group (Number)																		
Under 30 years old	11	15	12	4	10	22	7	3	9	0	0	2	27	41	46	49	69	91
30 to 50 years old	22	25	24	7	17	9	1	1	5	0	2	0	41	28	40	71	73	78
Over 50 years old	6	6	7	2	1	2	0	0	0	0	0	0	3	1	0	11	8	9

Sustainability Report (Cont'd)

5.2 Training and Development

To meet our business objectives and track towards long-term sustainable growth, Qian Hu is continually growing and nurturing talent in the niche sector. In order to broaden the employees' skillsets and to help them reach their full potential, we invest in our people through various training and development programmes, job diversification, as well as offering management trainee programmes for employees to take up job opportunities regionally. Lifelong learning, training and development programmes are made accessible across our workforce.

5.2.1 Upskilling

We actively support and facilitate our employees' pursuit of knowledge and skills through external courses. This is in addition to the on-the-job training to build on important job knowledge, the company's standard operating procedures, processes and methodologies. Line managers and the human resource department closely monitor all training processes to ensure that learning and development needs are sufficiently met.

In FY 2023, we clocked 13.2 hours of training per employee. Although this falls below our target to attain an average of 16 training hours per employee per year, it was an increase from 10.4 training hours per employee reported in FY 2022. We provided more holistic trainings on up-to-date topics in FY 2023, which included trainings on new software implementation and a sustainability-focused workshop. In addition, our IT team conducted two cybersecurity awareness sessions this year to raise awareness about cybersecurity and equip individuals with the ability to protect themselves online.

By gender, we recorded 18.7 and 9.8 average training hours for female and male employees, respectively.

5.2.2 Succession Planning

Succession planning is an essential process for maintaining growth momentum and business continuity, particularly amidst the evolving industry landscape, in ensuring the Group's long-term sustainability. Since 2004, Qian Hu has put in place a structured succession programme to prepare a team of key executives to lead the Group to the next phase of growth.

The succession programme includes a rigorous leadership grooming process that involves job portfolio rotation and performance review in an exacting business environment. Such a robust preparatory programme will ensure the executives' readiness to assume the mantle of leadership and their willingness to place the Group's interest above all else.

5.3 Health and Safety

The importance of health and safety and the well-being of our employees, customers and the animals under our care are paramount to us. Across our operations, we pay great care to the health and safety of our stakeholders, adhering to relevant laws and regulations to ensure that our products are compliant and safe for use.

5.3.1 Employee Health and Safety

Workplace Health and Safety

Creating a safe and healthy workplace is one of our prerogatives. In ensuring the safety of our employees, we strive to avoid or minimise the incidence of work-related injury and illness. Our commitment goes beyond ethics – a safe and healthy work environment leads to positive workplace morale, reduces costs related to incidents and illnesses, and ultimately to higher-quality products and services.

We have set up a governance structure to oversee our health and safety processes. Our in-house Workplace Health and Safety Committee regularly monitors and reviews our health and safety practices and procedures. The Committee also identifies, assesses and monitors any potential workplace hazards and risks, developing action plans to mitigate and avoid these safety risks. An annual review meeting is held to ensure that all issues are rectified/resolved and that the Group remains in compliance with all prevailing standards, laws and regulations.

In order to upskill our employees in the area of workplace health and safety, our employees undergo relevant trainings, such as fire safety hazard processes and basic first aid safety. In Singapore, we engaged external trainers to conduct trainings in Cardiopulmonary Resuscitation ("CPR") and the use of the automated external defibrillator ("AED") machine at our farm. Our trained employees are equipped 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 2023, there were no fatalities or reportable work-related accidents.

Sustainability Report (Cont'd)

5.3.1 Employee Health and Safety (Cont'd)

Employees' Wellbeing and Wellness

Employees' wellbeing is also a key component of our management ethos. We organised recreational activities throughout the year, including festive celebrations, such as the Qian Hu 2023 Reunion Dinner. We also held monthly birthday celebrations for our employees throughout the year.

To further encourage employee bonding and interactions outside of work, we undertook various charity activities together in FY 2023. We visited the Down Syndrome Association, where we were given an opportunity to understand how the association supports persons with Down syndrome to attain their full potential. Our employees were also proud to be part of the inaugural "Walk With Me" charity walkathon promoting inclusivity and community spirit, organised by HCA Hospice Care.

Complimentary annual health screening programme is made available to all permanent full-time employees annually. Furthermore, looking beyond safeguarding the physical health of our employees and recognising the importance of workplace mental health, we will kick start a mental wellness programme in FY 2024, which include conducting wellbeing workshops to provide support to all employees in Singapore to improve their resilience.

5.3.2 Customer Health and Safety

Qian Hu advocates the highest standards to ensure the well-being of our customers, the community and the reputation of our brand. We adhere to all relevant laws and regulations in the countries where our various products are sold.

We do not engage in the sale, use, provision, or any form of interaction with banned or contentious products. Our range of products, including aquarium and pet accessories, is manufactured in strict accordance with industry standards such as HACCP (Hazard Analysis Critical Control Point) and GMP (Good Manufacturing Practice). Our products also conform to industry best practices such as the provision of MSDS (Material Safety Data Sheets). We provide confirmed ingredient analysis in our pet food, fish medication and fish feeds to inform our customers of the nutritional content and composition.

Our commitment extends to providing accurate and transparent information about our products through responsible labelling and packaging practices. We continually look to improve the information displayed on our labels, empowering our customers to make informed choices for the well-being of their pets. We uphold the principles of responsible marketing and communication, ensuring that our brand representation is both effective and accurate. In Singapore, we strictly adhere to the Singapore Code of Advertising Practice, overseen by the Advertising Standards Authority of Singapore (an advisory council to the Consumers Association of Singapore). In addition, we conduct regular quality assessments and assess supplier labels to evaluate the health and safety impact of our products.

In FY 2023, to the best of our knowledge, there were no instances of non-compliance with regulations and voluntary codes concerning products and service information and labelling by type of outcomes. There were also no violations of guidelines or regulations in relation to advertising or marketing nor any instances of false advertising or the dissemination of inaccurate or misleading representations of our Group, its products or services.

5.4 Customer Satisfaction

5.4.1 Customer Service

We continue to offer the highest standards in customer service as we believe in building long-term customer relationships and understanding the changing needs of our customers. Our customers are provided with various forms of communication channels with our in-house dedicated services support team, such as after-sales support, social media platforms, direct inquiry platforms and larger networking events such as trade events and exhibitions. We also carry out routine customer visits and keep lines of contact open via virtual or in-person meetings, phone conversations and email correspondences. Feedback that we receive from these platforms is taken into consideration to improve our product development.

Our reach across 80 different countries is well supported by a strong distribution network, an efficient logistics system and a responsive dedicated team. This ensures timely delivery of our quality products by maintaining low Dead-on-Arrival ("DOA") rates consistently.

Every year, we strive to understand our customers' satisfaction with our products and services through an annual Customer Satisfaction Survey Questionnaire. We are pleased to share that our Customer Satisfaction Index achieved a score of 4.16 (out of 5) in FY 2023, comparable to 4.17 reported in FY 2022. The DOA rate recorded for fish export sales was approximately 2% for FY 2023, lower than our commitment to keep the rate below 3%.

5.4.2 Data Protection

We abide by stringent levels of data privacy to safeguard our confidential information and prevent the loss of customers' data. Our Personal Data Protection Policy ("PDPP"), applicable to the Group, sets out our approach in managing and safeguarding personal data, in line with applicable protection laws like the Personal Data Protection Act ("PDPA") 2012. Our PDPP is accessible on our corporate website for further information. In addition, our employees are bound by Qian Hu's Code of Conduct and Business Ethics, which adheres to a strict protocol for any breach of customer confidentiality.

Our customers' personal information remains confidential and secure, and we respect all privacy preferences. While the collection of personal information is sometimes necessary when providing our products and services as well as after-sales support, we do not, unless explicitly approved by our customers, engage in the sale, rental, giveaway, exchange, or any other action that would make this information available to third parties for commercial or any other purposes.

Throughout FY 2023, there were no violations of the PDPA 2012 or any reported non-compliance with our PDPP.

5.5 Innovation

To enhance our competitive advantage, we are strong proponents of innovative business and product development. In a rapidly changing market, with the rise of online platforms and the influence of social media, we stay abreast of the latest market trends to cater to our customers' preferences. With new product innovation, our customers can look forward to a greater range of product choices. They can also utilise accessible communication channels to reach out to our innovation and customer service team to provide feedback on our current products.

For FY 2023, we are pleased to report the following product-segment innovation breakthroughs. There were 13 new products launched versus our target of at least 10 new products each year.

Aquarium Accessories

- Aqua Zonic Smash-Proof Aquarium Heater
- Aqua Zonic Solar Pro Double Tube Heater
- Aqua Zonic 5-in-1 Fish Tank Cleaning Kit
- Aqua Zonic Vertical Filtration UV-C Lamp
- FishLove Elegant Series Fish Tank
- FishLove Lotus Series Fish Tank

Pet Accessories

- Aristo-Cats YIHU Premium Plus Tuna with Pumpkin 80g
- Aristo-Cats YIHU Premium Plus Tuna with Beef 80g
- Aristo-Cats YIHU Premium Plus Tuna with Cranberry 80g
- Nature's Gift Dry Food Adult All Breeds with Kangaroo 2.5kg
- Nature's Gift Dry Food Adult All Breeds with Beef 2.5kg
- Nature's Gift Dry Food Adult All Breeds with Chicken & Fish 2.5kg
- Nature's Gift Dry Food Adult All Breeds/Healthy Weight with Chicken 2.5kg

Sustainability Report (Cont'd)

5.6 Supply Chain Management

A reliable and sustainable supply chain is key in ensuring the long-term growth of our business operations, amidst changing political and economic landscapes. Coupled with the effects of climate change such as rising temperatures and extreme events, these can cause delays and impact the quality of our products and services. To mitigate such risks, Qian Hu strives to engage our farmers and suppliers closely to ensure the smooth delivery of high-quality products to our customers' satisfaction.

Maintaining open communication channels with our suppliers is a central component of our supplier partnership programme. Channels, such as farm visits, regular review meetings and training programmes, allow for feedback, exchange of ideas and collaborative actions to achieve our mutual business goals. We conduct regular site visits to validate the sources for ornamental fish and accessory products, gather insights on quality-related challenges and address any issues our suppliers may encounter.

We also actively participate in trade events, both in Singapore and abroad so that we can develop strong relationships with our suppliers. This engagement will help to minimise quality-related issues, reduce costs and enhance our service to our customers.

We take a holistic approach in implementing sustainability across our supply chain to ensure our business partners and suppliers uphold responsible business practices to minimise our indirect environmental and social impact. Our suppliers go through an evaluation and screening process, where they 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 services that meet the Group's standards. At the start of our partnership, we communicate our Supplier Code of Conduct, especially on our commitments and expectations regarding environmental standards and fair social practices. We require strict compliance with all applicable laws and regulations, and for our suppliers to follow responsible and ethical business practices.

Moving forward, we will work to improve our supplier engagement programme, continue to instil higher standards constantly, drive responsible business practices across the supply chain, and ultimately raise the bar on the quality and standard of our products and services.

Case Study:

Qian Hu continues to support the farmers in Singapore and abroad who supply fish and other products to us.

In FY 2023, we started a capacity-building programme in Malaysia to provide training to the farmers. By providing best practice knowledge and skills to these farmers in Malaysia, we strive to increase our supply chain resilience and ensure high-quality products are delivered to our customers.

For example, we provided the farmers with hybrid fish species that are more resilient to parasites and diseases. Our programme benefits these farmers by improving their operational efficiency and productivity. We intend to extend the programme to more farmers and locations.

5.7 Community Engagement

Qian Hu continues to contribute meaningfully to our local communities through collaborative initiatives. Our community engagement policy, aptly named "Charity, Community and Commitment," bridges profit and purpose, strongly aligning with our core values of giving back and contributing to the wider society.

5.7.1 Giving Back to the Community

Community involvement is a key factor in improving our employees' overall satisfaction, engagement and productivity. Our employees possess valuable skills, talents and resources that can make a positive impact on the community, and a successful giving-back programme will contribute to the development of personal character and soft skills. Therefore, we encourage our employees to take an active role in community activities outside of work.

Driving a positive impact on the marginalised communities, through community activities or donations, is central to our sustainability initiatives. Since FY 2001, Qian Hu has started a programme that matches every dollar employees donate, directing these funds to specific charitable causes. In FY 2023, our Singapore-based employees visited the Down Syndrome Association in August and donated food, monetary and other essential items. We also made cash donations to the WE CARE Community Services in October. Through these, we aspire to provide crucial support to associations and social causes.

Similarly, as an annual charity drive, our Guangzhou employees visited a nursing home during the Double Ninth Festival (重阳节) in October and provided blankets and food items. Through these donations, we hope that the seniors will be well-supported and comfortable where they stay.

As part of our role within the community, we also run guided educational tours in our Singapore farm for students to learn more about biodiversity and animal welfare. In FY 2023, we conducted approximately 230 tours and connected with more than 7,500 students. Qian Hu plans to continue educating and inspiring the next generation on the importance of preserving our natural world for a sustainable future.

From time to time, Qian Hu contributes fish to schools and helps to increase fish stocks in our local reservoirs. Through our subsidiary in Malaysia, we donated dog food to animal shelters as well.

Qian Hu also offers internships to various polytechnics in Singapore throughout the year.

Sustainability Report (Cont'd)

Case Study:

Together we walk, Together we care
In celebration of life and well-lived moments, our employees participated in a meaningful walkathon – "Walk With Me" – organised by HCA Hospice Care ("HCA") in November 2023. HCA is a registered charity in Singapore that provides comfort and care to patients with terminal illnesses. The proceeds from the walkathon directly benefit the patients and their families.

5.7.2 Contributing to the Business Community

As a leader in the ornamental fish and aquaculture sector, Qian Hu does its part to contribute valuable insights and expertise to the broader industry. Our CEO, Mr Yap Kok Cheng, is a member of the Animal and Veterinary Services' Ornamental Fish Business Cluster and serves as a committee member of the Kranji Countryside Association. Drawing from our extensive experience and knowledge, we can play a part in enhancing business and operational practices while elevating performance standards within our industry.

This year, our CEO also hosted an introductory aquaculture tour for Temasek Polytechnic students. Through the tour, we provide an environment that nurtures curiosity and encourages questions, facilitating a dynamic and interactive learning experience. By witnessing the various stages and processes involved in aquaculture firsthand, young participants gain a comprehensive understanding of the aquaculture industry's operations, challenges and potential opportunities.

Moreover, our senior management team actively participates in various industry committees, generously sharing insights from our ongoing journey of business excellence. For instance, 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).

Our senior executives are dedicated to building connections in the wider industry ecosystem, facilitating the exchange of knowledge, networking opportunities, resources and best practices.

6 GOVERNANCE

6.1 Business Ethics

We uphold the highest ethical standards and conduct our business activities professionally in compliance with all relevant laws and regulations with integrity and transparency. Accordingly, we have a zero-tolerance stance against fraud, bribery, corruption, anti-trust behaviour, slavery, or violations of human rights. We will not hesitate to take decisive and appropriate action against such acts.

We recognise the potential impacts of unethical or unlawful behaviour on our Group, both in terms of financial and legal consequences, and brand reputation. As such, all Qian Hu employees are obligated to adhere strictly to the guidelines on the Code of Conduct and Business Ethics and on conflict of interest included in the employee handbook. Disciplinary action will be enforced in the event of violations of this code. All employees are taken through these guidelines during the employment orientation and induction sessions.

Our commitment extends beyond our workforce. We also communicate our anti-corruption and anti-bribery policies to all our suppliers, sub-contractors and other business partners at the outset of our working relationships. Our Finance Department maintains rigorous oversight so as to prevent any forms of irregular forms of payments or receipts through the implementation of appropriate controls and procedures to safeguard the integrity of our financial transactions.

To facilitate confidential reporting of suspected non-compliance and to ensure a culture of transparency, we have established a whistle blowing mechanism for all employees and stakeholders. Such reports are directed to the Chairman of the Remuneration Committee. The Audit & Risk Management Committee reviews all whistle blowing complaints during its meetings, ensuring thorough investigations and appropriate follow-up actions are taken timely. In instances involving serious offences and criminal activities, the Audit & Risk Management Committee and the Board have access to external advisors and when necessary, a formal report will be filed with the relevant government or regulatory authority.

In FY 2023, there were no known corruption or bribery cases and reports of non-compliance with applicable environmental and socioeconomic laws and regulations. We aim to maintain zero occurrence of such incidents.

For Qian Hu's corporate governance structures and practices for FY 2023, with reference to the principles and provisions of the revised Code of Corporate Governance and the accompanying Practice Guidance, please refer to pages 85 to 113 of this Annual Report.

7 ECONOMIC PERFORMANCE

In addition to our ESG initiatives, Qian Hu's daily mindset and actions are centred around financial performance, and on generating sustainable added value for all the stakeholder groups. Our internal and external stakeholders expect us to deliver financial excellence, as well as to create a positive impact on the societies and communities we operate in.

The table below summarises our contributions to employees, government, capital providers, as well as the profits retained for re-investment and future growth, and non-production costs and income.

Summary of Value-Added Statements

($'000)	2023	2022	2021	2020	2019
Gross value-added from operations	15,829	17,077	19,019	19,144	16,464
Total value-added available for distribution	**11,952**	**21,176**	**23,051**	**19,842**	**20,056**
Distribution of Group's value-added:					
To employees	15,590	15,728	15,469	13,246	14,871
To government	300	385	431	309	244
To providers of capital	792	693	479	726	813
Retained for re-investment and future growth	(6,451)	4,492	5,370	2,065	3,786
Non-production costs and income	1,721	(122)	1,302	3,496	342
Total distribution	**11,952**	**21,176**	**23,051**	**19,842**	**20,056**

For more information on our financial performance, please refer to the "Financial Review" on pages 36 to 44 of this Annual Report.

Sustainability Report (Cont'd)

8 INVESTOR RELATIONS

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

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

In FY 2023, we were delighted to receive the "Best Risk Management – Bronze" award (Companies with less than $300 million in market capitalisation) at the Singapore Corporate Awards 2023 and the "Shareholder Communication Excellence – Winner" (Small Caps category) at the Securities Investors Association (Singapore) Investors' Choice Awards 2023.

Both our Executive Chairman and CEO engage regularly with analysts and fund managers to stay attuned to their concerns and needs. Media interviews are also conducted whenever feasible, to share updates on our strategies, developments and industry insights with a broader audience to offer an insightful perspective of the Group's business prospects.

Since November 2019, Qian Hu has been part of the "SGX Fast Track" programme, where we can expect to receive prioritised clearance for all submissions of corporate actions. The programme is designed to recognise the efforts and achievements of listed issuers which have held high standards of corporate governance and a strong compliance track record. It also testified to our persistence in the adoption and adherence to good governance practices over the years.

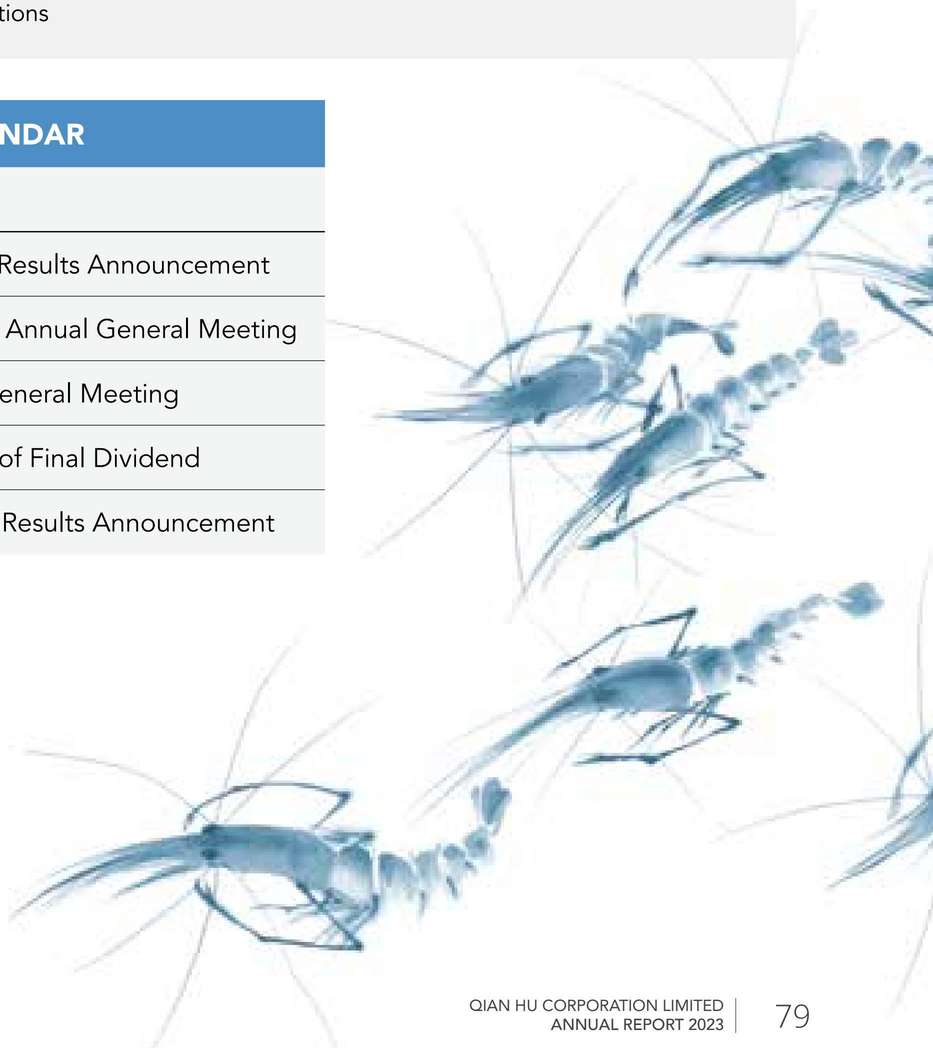
Mr Yap Kok Cheng, CEO of Qian Hu, received the "Best Risk Management – Bronze" award (Companies with less than $300 million in market capitalisation) at the Singapore Corporate Awards 2023.

Key components of our best practices in Investor Relations include:

Financial Reporting	• Release unaudited half-year results within 20 days after the close of the financial period and audited full-year results within 15 days after the end of the financial year • Results announcements accompanied by press releases in both English and Mandarin, providing highlights of the results and analysis of the Group's performance • All results and material announcements publicly accessible on the SGXNET and the Company's corporate website (www.qianhu.com)
Annual General Meeting	• Post detailed minutes of the AGM on the SGXNET and the Company's corporate website within three business days of the meeting • Offer various communication channels, including website and email, to enable shareholders who may not be able to attend the AGM in person to share their input and feedback
Investor Relations/ Website & Contacts	• Real-time updates of SGX announcements, financial results, annual reports (including sustainability reports), financial presentations, corporate governance reports, investors' questions and answers (Q&A), and minutes of AGM available on the investor relations site – http://qianhu.listedcompany.com • Provide dedicated investor relations email addresses to ensure timely responses to queries, suggestions and clarifications

FINANCIAL CALENDAR

FY 2023	FY 2024	
12 Jan	**12 Jan**	Full-Year Results Announcement
1 Mar	**28 Feb**	Notice of Annual General Meeting
29 Mar	**27 Mar**	Annual General Meeting
25 Apr	**24 Apr**	Payment of Final Dividend
18 Jul	**19 Jul**	Half-Year Results Announcement



Sustainability Report (Cont'd)

9 GRI STANDARDS 2021 - CONTENT INDEX

GRI Standard	Disclosure		Page Reference
GRI 2: General Disclosures 2021	2-1	Organisational details	3
	2-2	Entities included in the organisation's sustainability reporting	46
	2-3	Reporting period, frequency and contact point	46
	2-4	Restatements of information	Not Applicable
	2-5	External assurance	46
	2-6	Activities, value chain and other business relationships	2, 4
	2-7	Employees	66-69
	2-8	Workers who are not employees	Not Applicable
	2-9	Governance structure and composition	48, 88-89
	2-10	Nomination and selection of the highest governance body	91-96
	2-11	Chair of the highest governance body	48, 93-94
	2-12	Role of the highest governance body in overseeing the management of impacts	48
	2-13	Delegation of responsibility for managing impacts	48
	2-14	Role of the highest governance body in sustainability reporting	48
	2-15	Conflicts of interest	87
	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	48
	2-19	Remuneration policies	98-101
	2-20	Process to determine remuneration	98
	2-21	Annual total compensation ratio	174, 176
	2-22	Statement on sustainable development strategy	47-52
	2-23	Policy commitments	53-55, 66-67, 73-74, 77
	2-24	Embedding policy commitments	53-55, 66-67, 73-74, 77
	2-25	Processes to remediate negative impacts	77
	2-26	Mechanisms for seeking advice and raising concerns	77
	2-27	Compliance with laws and regulations	77
	2-28	Membership associations	76
	2-29	Approach to stakeholder engagement	49-50
	2-30	Collective bargaining agreements	67
GRI 3: Material Topics	3-1	Process to determine material topics	51-52
	3-2	List of material topics	51-52
Economic Performance			
GRI 3: Material Topics	3-3	Management of material topics	77
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	77

GRI Standard	Disclosure		Page Reference
Business Ethics			
GRI 3: Material Topics	3-3	Management of material topics	77
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	77
	205-3	Confirmed incidents of corruption and actions taken	77
Biodiversity			
GRI 3: Material Topics	3-3	Management of material topics	66
GRI 304: Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	66
Animal Welfare			
GRI 3: Material Topics	3-3	Management of material topics	65
GRI 13: Agriculture Aquaculture and Fishing Sectors 2022	13.11.1	Animal Health and Welfare	65
Climate Change (Energy and Emissions)			
GRI 3: Material Topics	3-3	Management of material topics	61-62
GRI 302: Energy	302-1	Energy consumption within the organisation	62
	302-3	Energy intensity	62
	302-4	Reduction of energy consumption	62
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	61
	305-2	Energy indirect (Scope 2) GHG emissions	61-62
Climate Change (Water Management)			
GRI 3: Material Topics	3-3	Management of material topics	63
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	63
	303-5	Water consumption	63
Climate Change (Waste Management)			
GRI 3: Material Topics	3-3	Management of material topics	64
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	64
	306-4	Waste diverted from disposal	64
Diversity and Equality			
GRI 3: Material Topics	3-3	Management of material topics	66-67
GRI 401: Employment	401-1	New employee hires and employee turnover	68-69
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	66-67
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	66-69
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	67
GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	67
GRI 409: Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	67

Sustainability Report (Cont'd)

9 GRI STANDARDS 2021 - CONTENT INDEX (Cont'd)

GRI Standard	Disclosure		Page Reference
Diversity and Equality			
GRI 13: Agriculture Aquaculture and Fishing Sectors 2022	13.20.1	Employment Practices	66-67
Training and Development			
GRI 3: Material Topics	3-3	Management of material topics	70
GRI 404: Training and Education	404-1	Average hours of training per year per employee	70
	404-2	Programs for upgrading employee skills and transition assistance programs	70
Customer Satisfaction			
GRI 3: Material Topics	3-3	Management of material topics	73
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	73
Innovation (Non-GRI Topic)			
GRI 3: Material Topics	3-3	Management of material topics	73
Supply Chain Management			
GRI 3: Material Topics	3-3	Management of material topics	74
Health and Safety			
GRI 3: Material Topics	3-3	Management of material topics	71-72
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	71-72
	403-9	Work-related injuries	71
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	72
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	72
GRI 417: Marketing and Labelling	417-1	Requirements for product and service information and labelling	72
	417-2	Incidents of non-compliance concerning product and service information and labelling	72
	417-3	Incidents of non-compliance concerning marketing communications	72
Community Engagement			
GRI 3: Material Topics	3-3	Management of material topics	75-76
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	75-76

10 TCFD CONTENT INDEX

TCFD Pillar	Recommendation	Key Points	Page Reference
Governance			
Disclose the organisation's governance around climate-related risks and opportunities	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 its corporate agenda. This structure drives its priorities to protect long-term interests and create value for the shareholders. The Board has oversight of the Group's sustainability approach and the integration of sustainability-related matters, including climate-related issues, in the formulation of the Group's strategy. The Board is updated on climate-related risks and opportunities and actions taken by management, in line with TCFD requirements. There are meetings to track progress, raise issues or concerns and obtain input and feedback. The Board approves the Sustainability Report, which provides comprehensive sustainability disclosures.	48
	b) Describe management's role in assessing and managing climate-related risks and opportunities	The Chief Executive Officer (CEO) reports to the Board on all sustainability matters, including climate-related issues that affect our local and overseas markets. He chairs the Sustainability Committee which spearheads the Group's sustainability projects, sets performance benchmarks, as well as provides oversight and guidance to the Sustainability Reporting Team. The Sustainability Reporting Team comprising representatives from each operating entity who have been delegated with specific sustainability reporting roles, executes, monitors and reports on the sustainability efforts, including climate-related issues.	48
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	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-related risks and opportunities relevant to the three business segments and their associated impacts. These climate-related risks and opportunities are identified and integrated into the business strategy through board meetings and regular meetings with the Sustainability Committee and Management. By identifying climate-related risks and opportunities and providing sustainability training to our employees, we are better placed to develop our long-term business strategy to manage such risks and maximise such opportunities to stay sustainable and competitive. We have categorised and assessed the financial potential impacts of the climate-related risks and opportunities identified over the short (within 2 years), medium (3 to 5 years) and long term (beyond 5 years), and will disclose in detail the business strategies, along with the capital allocation, in FY 2024.	56-59
	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	As part of our phase implementation approach, we plan to evaluate the resilience of our business strategy against the climate-related qualitative scenario analysis exercise to be carried out in FY 2024, covering both physical and transition risks and opportunities.	–

10 TCFD CONTENT INDEX (Cont'd)

<table>
<tr><th>TCFD Pillar</th><th>Recommendation</th><th>Key Points</th><th>Page Reference</th></tr>
<tr><td></td><td></td><td>For physical risks assessment, we will be considering a RCP 2.6 (carbon stringent pathway scenario) and a RCP 8.5 scenario (business-as-usual scenario), while the transition risks assessment will be conducted based on the International Energy Agency (IEA)'s Stated Policies Scenario (STEPS).

(RCP refers to Representative Concentration Pathway scenarios that were referenced and used in the last two reports from Intergovernmental Panel on Climate Change (IPCC) – where RCP 2.6 refers to a scenario that aims to keep global warming likely below 2°C above pre-industrial temperatures and RCP 8.5 is where GHG emission continue to grow unmitigated, leading to a best estimate global average temperature rise of 4.3°C by Year 2100.)

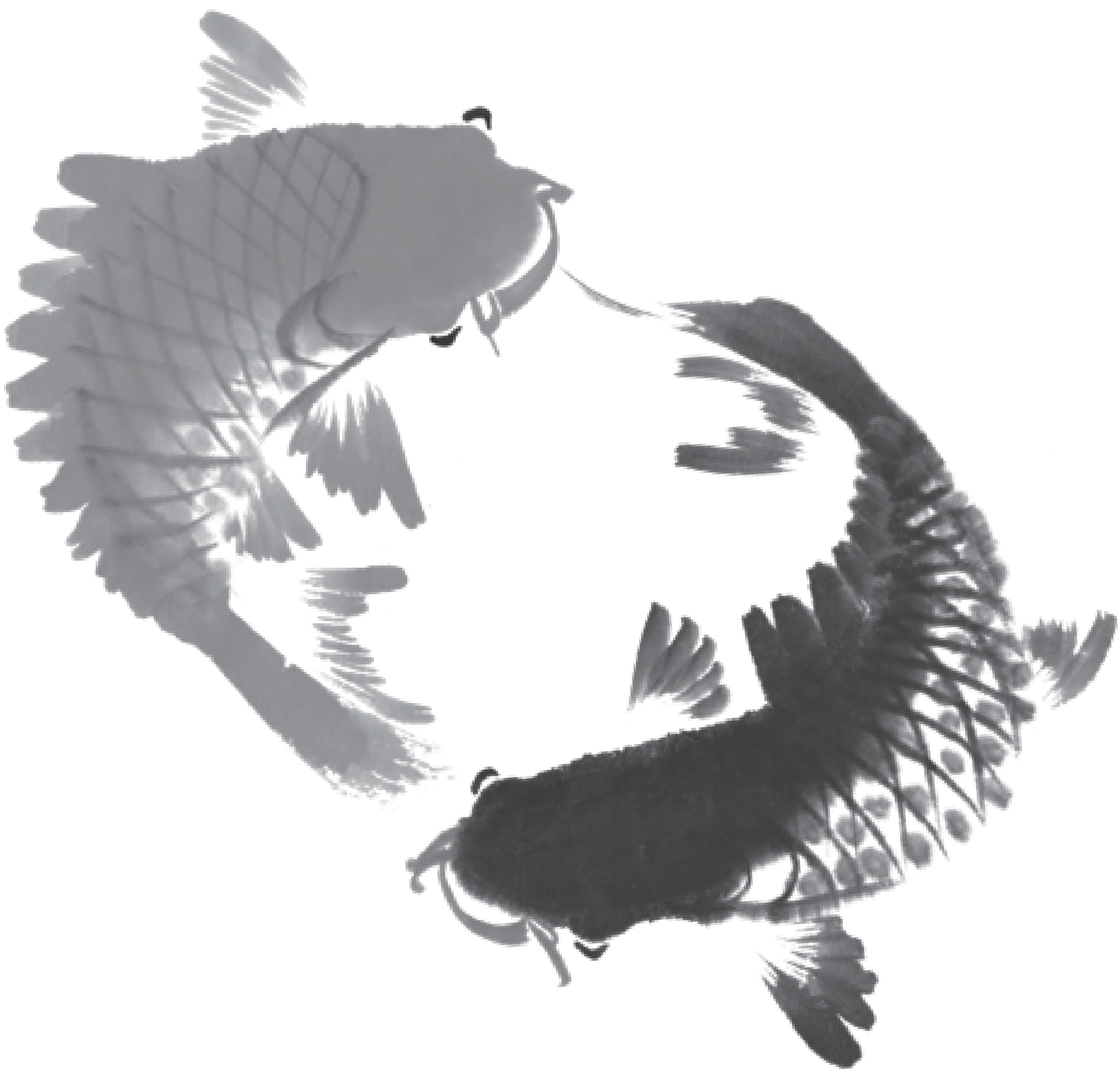
Further scenario analysis with quantitative outcomes will be performed in FY 2025 to assess the financial impact and identify the operational and supply chain vulnerabilities.</td><td></td></tr>
<tr><td colspan="4">Risk Management</td></tr>
<tr><td rowspan="3">Disclose how the organisation identifies, assesses and manages climate-related risks.</td><td>a) Describe the organisation's processes for identifying and assessing climate-related risks</td><td rowspan="2">The Group follows a consistent approach in identifying, assessing, monitoring and managing all risk categories (namely Business and Strategic Risks, Operational Risks, Financial Risks, Compliance Risks and Information Technology Risks) throughout the operations. The risk assessment process for the key risks identified takes into consideration both the impact and likelihood of the risks identified.

We have included "Climate Change and Environmental Risk" under operational risks.

The Group adopts the same risk management strategy towards climate-related risks as the other risk categories, where we strive to balance our risk profile while pursuing our business goals through implementing mitigating solutions to each identified climate-related risk.</td><td rowspan="2">114-120</td></tr>
<tr><td>b) Describe the organisation's processes for managing climate-related risks</td></tr>
<tr><td>c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management</td><td>In FY 2024, Qian Hu plans to integrate climate-related risks into its Enterprise Risk Management ("ERM") framework after conducting the qualitative scenario analysis.</td><td>–</td></tr>
<tr><td colspan="4">Metrics and Targets</td></tr>
<tr><td rowspan="3">Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</td><td>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</td><td>The Group uses the following metrics:
1) energy consumption;
2) energy use intensity;
3) emissions (Scope 1, 2, and selected Scope 3);
4) water consumption;
5) water use intensity; and
6) waste recycle</td><td rowspan="2">56-64</td></tr>
<tr><td>b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions and the related risks</td><td><table><tr><th>Emissions</th><th>FY 2022</th><th>FY 2023</th></tr><tr><td>Scope 1 emissions (tCO_2e)</td><td>702</td><td>665</td></tr><tr><td>Scope 2 emissions (tCO_2e)</td><td>2,861</td><td>2,834</td></tr><tr><td>Selected Scope 3 emissions (tCO_2e)</td><td>–</td><td>73,280</td></tr><tr><td>Total emissions (tCO_2e)</td><td>3,563</td><td>76,779</td></tr></table></td></tr>
<tr><td>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</td><td>Our target is to reduce water and energy use intensity by 10% by FY 2025 using FY 2020 as the baseline year.

We intend to set GHG emission reduction targets in qualitative terms and to monitor in quantitative terms in the future as part of our decarbonisation efforts.</td><td>60</td></tr>
</table>

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 2023, with specific reference made to the principles and provisions of the revised Code of Corporate Governance (the "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 2023 ("FY 2023"), the Group has complied with the core principles of the Code, as well as the provisions that underpin the principles of the 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 is responsible for overseeing and managing the Group's business and is accountable to shareholders for creating shareholder value within a framework that protects the rights and interests of the shareholders.

During FY 2023, as was in the past years, besides having carried out its statutory responsibilities, the Board performed the following role:

- provide leadership and guide the formulation of the Group's overall long-term strategic plans and performance objectives as well as delivery of short-term objectives;
- monitor and evaluate the adequacy and effectiveness of the Group's internal controls, as well as procedures for financial reporting and compliance with regulatory requirements;
- identify the principal risks of the Group's business and to establish a risk management framework to manage these risks for safeguarding the shareholders' interests and the Group's assets;
- 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, monitor the performance of the management and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- approve matters as specified under SGX-ST's interested person transaction policy;
- assume responsibilities for good corporate governance and is responsible for setting the right 'tone at the top' in its policies and decisions to ensure that the Company's corporate values and ethical standards are observed and there is proper accountability throughout the Group and that the obligations to its shareholders and other stakeholders are clearly understood and met; and
- 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.

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 can 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 the 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 8 to 11 of this Annual Report.

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 and recuse himself/herself from the discussion, 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 setting out among other matters, the roles, obligations, duties and responsibilities as a member of the Board. The Company also conducts a comprehensive and tailored induction programme for newly appointed directors to provide them with the necessary background information about the Group's structure and core values, its strategic direction, risk-related issues 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 provides 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.

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 responsibilities as members of the Board or Board Committees.

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. All directors are encouraged to attend appropriate courses, conferences and seminars at the Company's expense 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. 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 in FY 2022.

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 the Board Committees and specific members of the key management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and revised accordingly 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 & 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 for alignment with the 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)	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

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.

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 2023 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	3	10	3*	–	–
Soong Wee Choo	3	–	3	1	2
Sharon Yeoh Kar Choo	3	–	3	1	2
Ling Kai Huat	3	–	3	1	2

** 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 2023 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 number of listed company board representations and other principal commitments, as well as if he/she is able to devote sufficient time and attention to the affairs of the Company to adequately and satisfactorily discharge his/her duties as director of the Company. There was no director holding multiple board representations during the financial year under review.

The Company's current policy stipulates that a director should not have more than four listed company board representations and other principal commitments concurrently.

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, 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 material or information requested by the directors to make informed decisions are 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 the corporate affairs of the Group. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its stakeholders. No individual or small group of individuals dominates the Board's decision making.

The independence of each director is assessed and reviewed annually by the NC. In the review and deliberation of the independence of the three independent directors, the NC has considered the applicable Listing Rules and the guidelines for independence as set out in Provision 2.1 of the Code, including independence in conduct, character and judgement, and has no business relationships with the Group, its substantial shareholders or its officers which 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 Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified under the applicable Listing Rules and the Code.

For the year under review, the NC examined the different relationships that might impair the directors' independence and is satisfied that all the three non-executive directors are independent.

The Board recognises that independent directors may over time develop significant insights into the Group's business and operations and can continue to provide noteworthy and valuable contributions 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 2023, 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 the 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. Nonetheless, in compliance with the amended Listing Rule 210(5)(d)(iv), which imposed a hard tenure limit for independent directors of nine years, beyond which such directors will no longer be considered independent, Ms Sharon Yeoh Kar Choo who is due for retirement at the forthcoming AGM, will not seek for re-election.

PROVISION 2.2
PROVISION 2.3

Proportion of Non-Executive Independent Directors

The Company has complied with the relevant provisions as the 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 12 to 14 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 qualities. 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/her calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's 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.

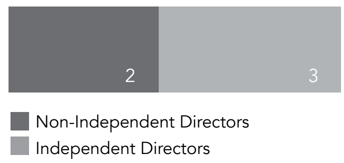
The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including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

Board Skill Sets

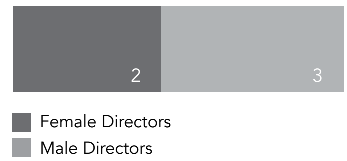
- Accounting and financial management
- Business entrepreneurship
- Legal
- Strategic planning
- Human resource
- Risk management
- Sustainability and Governance

Details of the Board composition are as follows:

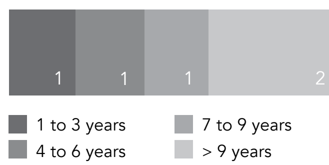
Board Independence
(as at 31 December 2023)



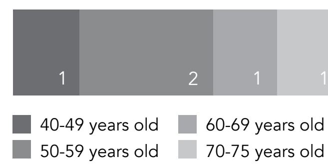
Board Gender Diversity
(as at 31 December 2023)



Directorship with Qian Hu
(as at 31 December 2023)



Directors' Age Group
(as at 31 December 2023)



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 to allow sufficient allocation of time for thorough discussion of each agenda item, in particular strategic issues. He promotes an open environment for debate and ensures that independent directors can 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. 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 all 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 were no queries or requests on any matters which required the Lead Independent Director's attention received in FY 2023.

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 113 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, retirements 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 Board Committees, which includes size and appropriate mix of expertise and experience, 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's 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 70 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 to identify candidates with the appropriate expertise and experience for the appointment as new director. The selection criterion includes integrity, independence, leadership skills, diversity of competencies, expertise required, industry experience, time commitment, and financial literacy. The NC and each individual director will try to source for suitable candidates based on their networks and are empowered to engage external parties, such as professional search firms and institutions, to identify potential candidates or to undertake research on or assessment of candidates as they deem 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 record, preparedness and participation at meetings) and any other parameters 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 27 March 2024 are stated in the Notice of AGM set out on pages 195 to 199 of this Annual Report.

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

PROVISION 4.4

Continuous Review of Directors' Independence

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

The Board, after taking into consideration the views of the NC, is of the view that 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 2023, 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/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a director of the Company. Based on the directors' annual confirmation and the directors' commitments to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are of the view that all the directors were able to diligently discharge their duties as directors of the Company in FY 2023.

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 before 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 and Board Committees 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/her 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 each 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 members completed an evaluation questionnaire designed to seek their view on the various aspects of the Board and each of its Board Committees' (ARMC, RC and NC) 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 2023, 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 2023.

Board and Board Committees Evaluation Criteria

The performance criteria for the board evaluation consists of qualitative factors such as 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, as well as quantitative financial targets which include revenue, profit after tax, return on assets, debt-equity ratio, dividend payout ratio and total shareholder returns.

The assessment of Board Committees' performance includes the composition and skill sets of the Committees, performance and compliance with the written terms of reference, as well as the effectiveness of meeting procedures.

The primary objective of the evaluation exercise is to create a platform for the Board and its Board Committees' members to deliberate and identify the key strengths and 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.

The Board is satisfied with the performance of all the directors in the evaluation exercises carried out by the NC for FY 2023.

Corporate Governance Report (Cont'd)

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/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 113 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 reviewed 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 2023.

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 the 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. 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.

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 Board Committees receiving a higher fee in respect of their service as Chairpersons of the respective Board Committees to reflect the expanded responsibilities.

The structure of the fees payable to the non-executive directors of the Company for FY 2023 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/her own remuneration.

The Board concurred with the RC that the proposed directors' fees for the year ended 31 December 2023 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 RC, concurred by the Board, and submitted 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 and competitive market practices. This is further reviewed along with the Group's performance, taking into consideration the pre-defined key performance indicators (including financial and non-financial targets) achieved by the Group based on its short- and long-term objectives. The Board exercises its discretion and independent judgment in ensuring that there is a balance between business and risk taking and that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Group.

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 2023 is set out below:

Name of Director	Salary	Bonus	Director's Fees	Total Remuneration
	$	$	$	$
Kenny Yap Kim Lee	220,616	–	–	220,616
Yap Kok Cheng*	288,444	26,910	–	315,354
Soong Wee Choo	–	–	28,000	28,000
Sharon Yeoh Kar Choo	–	–	26,000	26,000
Ling Kai Huat	–	–	26,000	26,000
Total	**509,060**	**26,910**	**80,000**	**615,970**

* *Mr Yap Kok Cheng 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 2023 is set out below:

Name of Management Personnel	Salary	Bonus	Allowance & Benefit	Total Remuneration
	$	$	$	$
Alvin Yap Ah Seng*	298,616	37,060	–	335,676
Andy Yap Ah Siong*	298,616	47,060	–	345,676
Lai Chin Yee	298,616	27,060	–	325,676
Jimmy Tan Boon Kim	271,016	21,700	–	292,716
Low Eng Hua	160,616	–	–	160,616
Total	**1,327,480**	**132,880**	**–**	**1,460,360**

* 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 2023 is set out below:

Name of Executive	Salary	Bonus	Allowance & Benefit	Total Remuneration
	$	$	$	$
Yap Ping Heng	72,912	6,104	–	79,016
Yap Hock Huat	72,912	6,104	–	79,016
Yap Kim Chuan	74,592	–	–	74,592
Lim Yik Kiang	132,444	11,700	–	144,144
Yap Kok Fong	120,444	10,530	–	130,974
Total	**473,304**	**34,438**	**–**	**507,742**

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

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.

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 judgement in decision-making.

Risk assessment and evaluation is an essential part of the business planning and monitoring process. The Board has the overall responsibility for providing leadership, articulating the risk appetite and tolerance levels and ensuring that a robust risk management and compliance culture prevails. The Board, with the assistance of the ARMC, has developed a risk management framework to ensure that the structure, policies and processes are aligned with the strategic direction set by the Board. It has also 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 risk profile and its key risk indictors (KRIs), 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 responsible for managing the risks arising from their respective operations and 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 risk exposures 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 business units of the Group.

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 114 to 120 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 control 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 2023 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. The 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 discharges 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 112 of this Annual Report.

Ms Soong Wee Choo, Chairperson of the ARMC, is a certified member of the Institute of Singapore Chartered Accountants (ISCA). She 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 have 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 responsible for assisting the Board in its oversight of the reliability and integrity of the accounting policies and financial reporting as well as to scrutinize the adequacy and effectiveness of the internal control systems. 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 2023. 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's 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, as well as its compliance with the accounting standards and the applicable laws and regulations.

In the review of the financial statements for the year ended 31 December 2023, the ARMC has discussed the following significant matters impacting the financial statements with the Management and the external auditors:

Matters Considered	Action
Loss on biological assets - $7.4 million	Brooder stocks are parent stocks of dragon fish held for use in the breeding of dragon fish. These brooder stocks are subjected to an annual impairment testing to determine their recoverable amount based on the value-in-use (discounted cash flow) method, which involve the estimation of production yield and growth rates, corroborating with past performance and/or relevant market data. As the mass market dragon fish species have experienced oversaturation and declining prices over the past years, coupled with the low birth rates of the brooder stocks due to unfavourable weather conditions, the projected revenue generated from the offsprings of these brooder stocks is not sustainable. The Management performed an annual impairment testing, which signified a considerable amount of impairment loss on these brooder stocks in FY 2023. In view of the above, the Management made a strategic decision to reduce its efforts in dragon fish breeding and to dispose a substantial portion of the brooder stocks to free up valuable resources and land space to be redeployed for new business activities that would generate better value for the Group. The loss on biological assets, in the form of brooder stocks, amounted to approximately $7.4 million. In considering this matter, the Committee reviewed the impairment computations, deliberated on the rationale on the disposal and evaluated the feasibility of the new business opportunities. The Committee concurred with the Management's conclusion on the loss on biological assets recognised in FY 2023, and that the disclosures in the financial statements were appropriate.
Valuation of amount due from subsidiaries (Company level) - $14.3 million	Included in the amount due from subsidiaries balance as at 31 December 2023 was significant long outstanding amount due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd ("GZQH") amounted to approximately $8.1 million representing 56.6% 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 2023 and that the disclosures in the financial statements were appropriate.

Internal Controls & 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 the 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 2023 and the corresponding fees.

The total fees paid/payable to KPMG in FY 2023 are set out below:

Audit Fees for FY 2023	$158,000
Non-Audit Fees – services relating to sustainability reporting	$55,000
% of Non-Audit Fees to Audit Fees	35%

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 174 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 2024, 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 the 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.

The Company has appointed Lo Hock Ling & Co. ("LHL") to perform the internal audit function of the Group. The internal audit work carried out by LHL is guided by the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors ("IIA") and has incorporated these Standards into its audit practices and meet the standards set by the IIA. The internal auditors report primarily to the Chairperson of the ARMC and have 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 independent and 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 2023 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 and the Company's corporate website – www.qianhu.com.

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. Shareholders are invited to submit questions to the Chairman of the Meeting in advance of, or to put forth any questions they may have on the motions to be debated and decided upon at the AGM.

Pursuant to Rule 730A(2) of the Listing Manual, all resolutions proposed at the AGMs and at any adjournment 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. In support of greater transparency and to allow for a more efficient voting process, the Company conducts electronic poll voting in respect of all the resolutions tabled at the AGM. The detailed procedures for the electronic poll voting are explained at the AGM. An external firm is appointed as scrutineers for the AGM voting process, which is independent of the firm appointed to undertake the electronic poll voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages resolution are tallied and instantaneously displayed on the screen after each poll conducted during the AGM. The results are also announced via SGXNET on the same day.

The resolutions tabled at the general meetings are on each distinct issue. The Company does not "bundle" resolutions unless the resolutions 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.

PROVISION 11.3

Interaction with Shareholders

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

The Executive Chairman and all the directors (including the Chairpersons of the ARMC, NC and RC) were present at the last AGM held on 29 March 2023. All directors will endeavour to be present at the Company's forthcoming AGM to be held on 27 March 2024 to address shareholders' questions relating to the work of the Board and the Board Committees.

The Company's external auditors are also available at the AGM to address any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

Corporate Governance Report (Cont'd)

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 a 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 compliance with Rule 704(24) of the Listing Manual of SGX-ST, in the event that the Board decides not to declare or recommend a dividend, the reasons for such decision will be expressly disclosed together with the financial statements announcement.

The Board of directors has declared a final dividend of 0.3 Singapore cents per ordinary share for the financial year ended 31 December 2023 (FY 2022: 0.3 Singapore cents per ordinary share).

Engagement with Shareholders

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

PROVISION 12.1
PROVISION 12.2
PROVISION 12.3

Disclosure of Information on Timely Basis

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

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

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 18 July 2023) and 15 days (on 12 January 2024) 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.

Other than the SGXNET financial statements announcements and Annual Reports, all relevant and material information are also released to the public timely in accordance with the applicable laws and regulations.

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 to assist in their investment decision-making.

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, consistent, 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 3 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 pages 78 and 79 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 (SDG) 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 stakeholder engagement and materiality assessment are disclosed on pages 49 to 52 of this Annual Report.

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

Please refer to the Sustainability Report on pages 45 to 84 of this Annual Report for further details.

PROVISION 13.3

Corporate Website

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

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

VI. OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN SECURITIES
- Listing Manual Rule 1207(19)

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST on best practices in respect of dealing in securities, the Group has put 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 the Board's approval before trading in the Company's shares and are also required to notify the Company Secretary of any change in her interest in the Company's shares within two business days of the change.

During FY 2023, 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 2023.

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 pages 177 and 178 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 judgements 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 the 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 the 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 the 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.

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/her 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/her 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.

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, the Group's risk appetite and risk profile remains broadly unchanged. 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 MITIGATE THE RISKS
Strategy and investment risk • The Group grows businesses through organic growth of its existing activities, development of new capabilities and through new ventures with business partners. 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 may 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 updated 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 2023, approximately 36% of the Group's assets are located overseas, while revenue from its overseas' customers constitute approximately 62% of the total revenue in FY 2023. 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 countries where it operates, 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 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 to enhance market competitiveness.

Risk Management (Cont'd)

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MITIGATE 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 information with its key stakeholders. • Investor relations policy in place and reputation associated with its investor relations efforts to further strengthen its communication with stakeholders. • Clear corporate mission statements and guiding principles are in place and communicated to all employees within the Group 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, to ensure that it can continue to maintain its competitive advantage, maximise value for stakeholders, as well as minimise any disruptions to its critical business activities, supply chain, 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, and to be able to 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 the Management, or operational failure arising from external events may result 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. • Regular management team meetings held to facilitate effective communication.

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MITIGATE THE RISKS
<u>Product risk</u> • 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. • Integrated in-house R&D team to focus on the research of 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 and to shore up our resilience. • 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.
<u>People risk</u> • 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, may result in business interruptions and a loss in shareholders' confidence. • Succession plan execution may be a challenge given the size of the Group.	• Benchmark and review the competitiveness of remuneration packages periodically. • Provide a cohesive environment to develop, nurture and retain employees. • 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. 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.
<u>Climate change and environmental risk</u> • 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 56 and 57 of this Annual Report.)

Risk Management (Cont'd)

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 operating 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 allowances for trade receivables once they 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, the Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.
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.

DESCRIPTION OF RISKS WE FACE	WHAT WE DO TO MITIGATE THE RISKS
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 • The capital structure of the Group consists of loans and borrowings, issued share capital and accumulated profits. • Insufficient capital structure may impact the Group's ability to provide appropriate returns to the shareholders.	• 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. • 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 in order to maintain or achieve an optimal capital structure.
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, which are embedded within the corporate governance structure. • 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
<u>Compliance risk</u> • 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 may 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 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. • A whistle blowing policy and well-defined communication channels are in place.
<u>Data protection and privacy risk</u> • 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
<u>Cyber security risk</u> • The Group is imperiled to a full range risk, 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.

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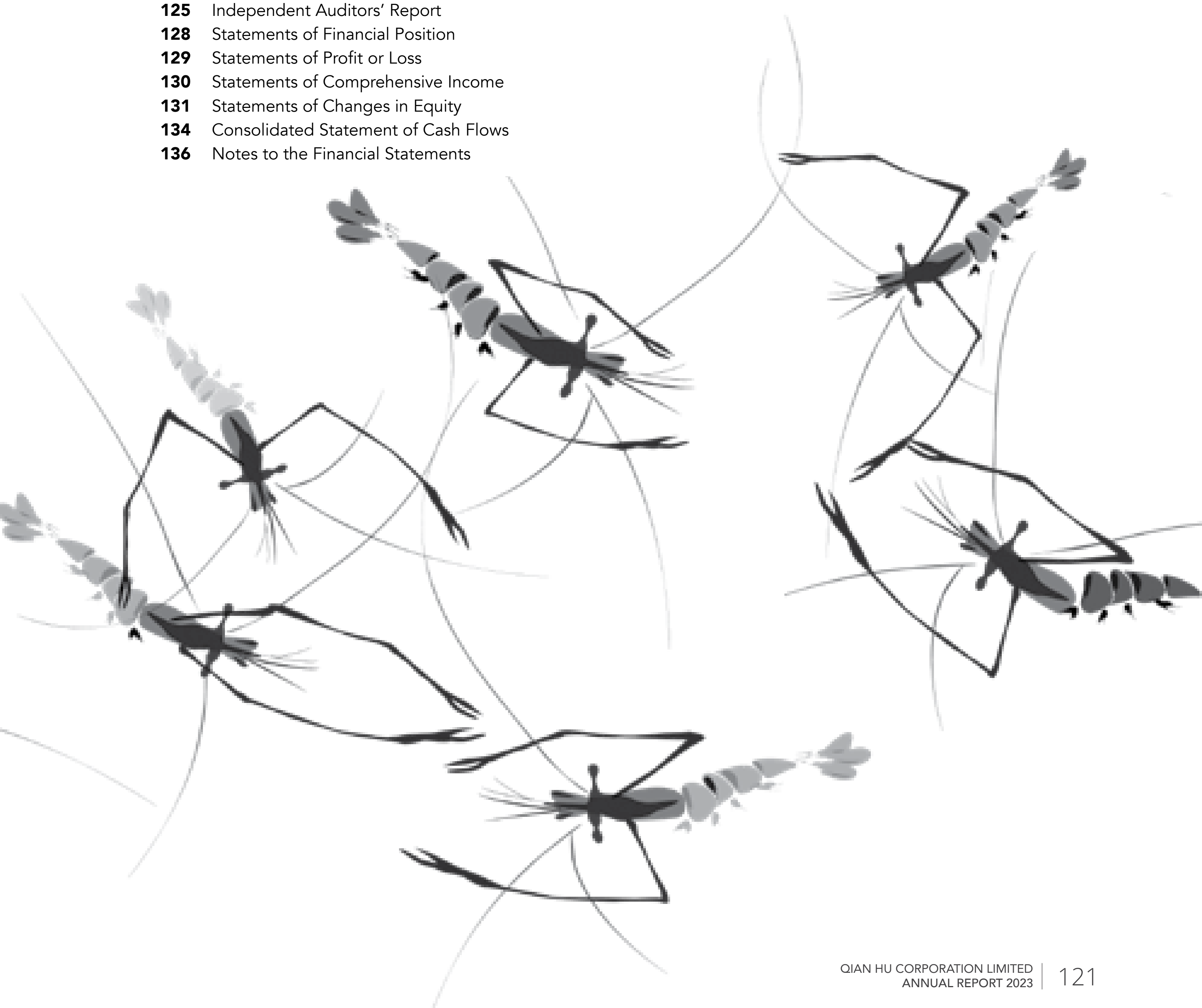

Director's Statement

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 2023.

In our opinion:

(a) the financial statements set out on pages 128 to 193 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 2023 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
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		
	1/1/2023	31/12/2023	11/1/2024	1/1/2023	31/12/2023	11/1/2024
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 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 2024, 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 2023 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.

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 2024

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 2023, 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 material accounting policies as set out on pages 128 to 193.

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 2023 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. We have determined that there are no key audit matters to communicate in our report.

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.

Independent Auditors' Report (Cont'd)

Members of the Company
Qian Hu Corporation Limited

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Tan Khai Boon.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 January 2024

Statements of Financial Position

As at 31 December 2023

	Note	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Assets					
Property, plant and equipment	4	8,602,010	8,264,984	3,036,543	3,724,655
Biological assets	5	132,750	7,668,766	132,750	7,668,766
Intangible assets	6	6,664,872	6,783,452	2,615,022	2,737,022
Subsidiaries	7	–	–	3,524,387	3,524,387
Trade and other receivables	9	–	–	4,850,220	5,557,205
Non-current assets		15,399,632	22,717,202	14,158,922	23,212,035
Biological assets	5	–	183,090	–	183,090
Financial asset at fair value through profit or loss ("FVTPL")	8	1,379,181	1,049,660	1,379,181	1,049,660
Inventories	10	12,239,635	15,258,387	4,716,185	4,963,213
Trade and other receivables	9	14,368,173	13,065,831	16,931,561	17,495,603
Cash and cash equivalents	11	15,546,221	20,116,838	8,168,917	10,986,172
Current assets		43,533,210	49,673,806	31,195,844	34,677,738
Total assets		58,932,842	72,391,008	45,354,766	57,889,773
Equity					
Share capital	12	30,772,788	30,772,788	30,772,788	30,772,788
Reserves	13	8,720,552	18,482,216	897,582	8,838,555
Equity attributable to owners of the Company		39,493,340	49,255,004	31,670,370	39,611,343
Non-controlling interests		2,238,288	2,295,749	–	–
Total equity		41,731,628	51,550,753	31,670,370	39,611,343
Liabilities					
Loans and borrowings	14	1,562,395	938,926	216,920	203,018
Deferred tax liabilities	15	47,936	54,444	–	–
Non-current liabilities		1,610,331	993,370	216,920	203,018
Loans and borrowings	14	6,387,150	9,863,628	5,125,682	9,130,953
Trade and other payables	16	8,855,519	9,530,070	8,134,337	8,737,002
Current tax payable		348,214	453,187	207,457	207,457
Current liabilities		15,590,883	19,846,885	13,467,476	18,075,412
Total liabilities		17,201,214	20,840,255	13,684,396	18,278,430
Total equity and liabilities		58,932,842	72,391,008	45,354,766	57,889,773

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

Statements of Profit or Loss

Year ended 31 December 2023

	Note	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Revenue	17	70,313,787	75,265,028	38,504,267	42,052,259
Cost of sales		(46,748,038)	(50,821,786)	(27,366,694)	(30,033,911)
Gross profit		23,565,749	24,443,242	11,137,573	12,018,348
Other income		3,544,255	4,282,250	4,303,114	5,119,315
Other expenses		(7,391,199)	(4,132)	(7,391,199)	(307,957)
Selling and distribution expenses		(2,553,603)	(2,529,150)	(962,806)	(1,132,054)
General and administrative expenses		(25,669,560)	(23,888,006)	(14,209,330)	(14,231,479)
Impairment loss on trade receivables		(154,010)	(91,424)	(170,036)	(60,761)
Results from operating activities		(8,658,368)	2,212,780	(7,292,684)	1,405,412
Finance income		140,680	34,842	67,031	17
Finance costs		(451,051)	(351,737)	(348,208)	(303,680)
Net finance costs	18	(310,371)	(316,895)	(281,177)	(303,663)
(Loss) Profit before tax	19	(8,968,739)	1,895,885	(7,573,861)	1,101,749
Tax expense	20	(157,546)	(256,551)	(27,348)	(22,740)
(Loss) Profit for the year		(9,126,285)	1,639,334	(7,601,209)	1,079,009
(Loss) Profit attributable to:					
Owners of the Company		(9,276,853)	1,399,881	(7,601,209)	1,079,009
Non-controlling interests		150,568	239,453	–	–
(Loss) Profit for the year		(9,126,285)	1,639,334	(7,601,209)	1,079,009

	Note	Group 2023	Group 2022
(Loss) Earnings per share (cents)	22		
Basic		(8.17)	1.23
Diluted		(8.17)	1.23

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

Statements of Comprehensive Income

Year ended 31 December 2023

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
(Loss) Profit for the year	(9,126,285)	1,639,334	(7,601,209)	1,079,009
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations, net of tax	(167,461)	(214,133)	815	195,001
Foreign currency translation differences – liquidation of a subsidiary reclassified to profit or loss	–	(9,234)	–	–
Other comprehensive income for the year, net of tax	(167,461)	(223,367)	815	195,001
Total comprehensive income for the year	(9,293,746)	1,415,967	(7,600,394)	1,274,010
Total comprehensive income attributable to:				
Owners of the Company	(9,421,085)	1,275,340	(7,600,394)	1,274,010
Non-controlling interests	127,339	140,627	–	–
Total comprehensive income for the year	(9,293,746)	1,415,967	(7,600,394)	1,274,010

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

Statements of Changes in Equity

Year ended 31 December 2023

	Attributable to owners of the Company					
Group	**Share capital $**	**Translation reserve $**	**Retained earnings $**	**Total $**	**Non-controlling interests $**	**Total equity $**
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 2023

Group	Share capital $	Translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
	Attributable to owners of the Company					
At 1 January 2023	30,772,788	(512,945)	18,995,161	49,255,004	2,295,749	51,550,753
Total comprehensive income for the year						
(Loss) Profit for the year	–	–	(9,276,853)	(9,276,853)	150,568	(9,126,285)
Other comprehensive income						
Foreign currency translation differences – foreign operations, net of tax	–	(144,232)	–	(144,232)	(23,229)	(167,461)
Total other comprehensive income	–	(144,232)	–	(144,232)	(23,229)	(167,461)
Total comprehensive income for the year	–	(144,232)	(9,276,853)	(9,421,085)	127,339	(9,293,746)
Transactions with owners of the Company, recognised directly in equity						
Distributions to owners						
Dividends paid (See Note 23)	–	–	(340,579)	(340,579)	(184,800)	(525,379)
Total transactions with owners of the Company	–	–	(340,579)	(340,579)	(184,800)	(525,379)
At 31 December 2023	30,772,788	(657,177)	9,377,729	39,493,340	2,238,288	41,731,628

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

Company	Share capital $	Retained earnings $	Translation reserve $	Total equity $
At 1 January 2022	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
Total comprehensive income for the year				
Loss for the year	–	(7,601,209)	–	(7,601,209)
Other comprehensive income				
Foreign currency translation differences – foreign operations, net of tax	–	–	815	815
Total other comprehensive income	–	–	815	815
Total comprehensive income for the year	–	(7,601,209)	815	(7,600,394)
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 2023	30,772,788	808,030	89,552	31,670,370

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

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
(Loss) Profit before tax		(8,968,739)	1,895,885
Adjustments for:			
Amortisation of intangible assets		123,316	122,000
Bad trade receivables written off		49,390	26,981
Impairment loss on trade receivables		154,010	91,424
Allowance for (Write back of allowance for) inventory obsolescence		1,517,783	(240,000)
Depreciation of			
- property, plant and equipment		2,747,322	2,890,625
- biological assets		144,817	181,687
Property, plant and equipment written off		364	1,466
Gain on disposal of property, plant and equipment		(44,254)	(51,772)
Loss on biological assets		7,391,199	4,132
Net change in fair value of financial asset at FVTPL		(329,521)	(49,660)
Gain on derecognition of right-of-use assets and lease liabilities		(12,703)	–
Finance costs		451,051	351,737
Finance income		(140,680)	(34,842)
		3,083,355	5,189,663
Changes in:			
Inventories		1,770,994	1,557,940
Breeder stocks		183,090	150
Trade and other receivables		(771,761)	99,328
Trade and other payables		(614,219)	(516,479)
Cash generated from operations		3,651,459	6,330,602
Tax paid		(296,012)	(291,909)
Net cash from operating activities		3,355,447	6,038,693
Cash flows from investing activities			
Acquisition of			
- property, plant and equipment		(692,016)	(1,020,672)
- intangible assets		(4,736)	–
Deposit for purchase of property, plant and equipment		(849,680)	–
Interest received		140,680	34,842
Proceeds from disposal of property, plant and equipment		109,960	57,339
Acquisition of financial asset at FVTPL		–	(1,000,000)
Net cash used in investing activities		(1,295,792)	(1,928,491)

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

	Note	2023 $	2022 $
Cash flows from financing activities			
Dividends paid to			
- owners of the Company		(340,579)	(340,579)
- non-controlling interests		(184,800)	(155,600)
Interest paid		(464,505)	(336,936)
Repayment of			
- lease liabilities		(1,337,293)	(1,403,788)
- bank term loans		(4,000,000)	(3,000,000)
Net cash used in financing activities		(6,327,177)	(5,236,903)
Net decrease in cash and cash equivalents		(4,267,522)	(1,126,701)
Cash and cash equivalents at beginning of year		20,116,838	21,671,287
Effect of exchange rate fluctuations on cash held		(303,095)	(427,748)
Cash and cash equivalents at end of year	11	15,546,221	20,116,838

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

Notes to the Financial Statements

Year ended 31 December 2023

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 2024.

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 2023 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 2023 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 material 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 note:

- 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.

2.4 Use of estimates and judgements (continued)

Measurement of fair values **(continued)**

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

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

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

2.5 Changes in material 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 2023:

- SFRS(I) 17: *Insurance Contracts*
- 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*
- Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*

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

3 Material 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.

3.1 Basis of consolidation (continued)

Business combinations **(continued)**

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

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

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

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

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

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

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.

3.1 Basis of consolidation (continued)

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.

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.

3.3 Financial instruments (continued)

(b) Classification and subsequent measurement (continued)

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.

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.

3.3 Financial instruments (continued)

(c) Derecognition (continued)

Financial assets (continued)

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.

(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.

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

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.

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 10 years (2022: 50 years).

Breeder stocks

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

3.7 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.

3.7 Leases (continued)

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.

3.9 Impairment (continued)

(i) Non-derivative financial assets (continued)

***General approach* (continued)**

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

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.

3.9 Impairment (continued)

(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.

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.

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 2023 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.

- Amendments to SFRS(I) 1: *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*
- Amendments to SFRS (I) 16: *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*

4 Property, plant and equipment

Group	Freehold land and buildings $	Leasehold land and buildings $	Leasehold improvements $	Motor vehicles $
Cost				
At 1 January 2022	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
Additions	–	3,352,920	105,427	294,661
Disposals/Write offs/Transfers	–	–	(37,917)	(142,660)
Derecognition due to expiry or early termination of lease	–	(3,866,507)	–	–
Translation differences on consolidation	(23,838)	(148,440)	(41,234)	(30,158)
At 31 December 2023	2,294,469	15,796,777	2,746,777	3,499,344
Accumulated depreciation				
At 1 January 2022	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
Depreciation charge for the year	110,474	1,664,209	99,235	310,925
Disposals/Write offs/Transfers	–	–	(35,749)	(90,741)
Derecognition due to expiry or early termination of lease	–	(3,019,514)	–	–
Translation differences on consolidation	(12,637)	(84,879)	(35,053)	(18,724)
At 31 December 2023	1,326,780	11,051,040	2,387,580	2,696,162
Carrying amounts				
At 1 January 2022	1,146,660	3,860,327	571,210	960,528
At 31 December 2022	1,089,364	3,967,580	361,354	882,799
At 31 December 2023	967,689	4,745,737	359,197	803,182

Computers $	Furniture, fittings and office equipment $	Equipment and tools $	Machinery and equipment $	Electrical and installation $	Construction in-progress $	Total $
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
46,043	46,948	28,239	208,513	27,663	–	4,110,414
(173,992)	(106,227)	(22,075)	(76,846)	(175,911)	–	(735,628)
–	(2,977)	–	–	–	–	(3,869,484)
(22,153)	(27,696)	(6,015)	(50,477)	(30,654)	–	(380,665)
1,386,711	1,399,036	288,830	5,999,872	810,506	–	34,222,322
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
97,188	72,159	4,619	360,351	28,162	–	2,747,322
(173,780)	(102,270)	(22,075)	(74,045)	(170,898)	–	(669,558)
–	(2,977)	–	–	–	–	(3,022,491)
(19,594)	(21,346)	(5,288)	(41,727)	(28,414)	–	(267,662)
1,247,558	1,153,102	234,658	4,772,759	750,673	–	25,620,312
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
139,153	245,934	54,172	1,227,113	59,833	–	8,602,010

4 Property, plant and equipment (continued)

	Leasehold land and buildings $	Leasehold improvements $	Motor vehicles $
Company			
Cost			
At 1 January 2022	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
Additions	265,921	–	181,015
Disposals/Write offs/Transfers	–	(37,917)	(69,410)
Derecognition due to expiry or early termination of lease	(519,220)	–	–
Translation differences	–	(8,139)	(1,194)
At 31 December 2023	10,566,304	636,830	1,971,571
Accumulated depreciation			
At 1 January 2022	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
Depreciation charge for the year	448,347	29,892	204,706
Disposals/Write offs/Transfers	–	(35,749)	(41,666)
Derecognition due to expiry or early termination of lease	(354,291)	–	–
Translation differences	–	(6,326)	(1,076)
At 31 December 2023	9,151,044	527,514	1,492,504
Carrying amounts			
At 1 January 2022	1,647,578	160,437	637,658
At 31 December 2022	1,762,615	143,189	530,620
At 31 December 2023	1,415,260	109,316	479,067

Computers $	Furniture, fittings and office equipment $	Machinery and equipment $	Electrical and installation $	Construction in-progress $	Total $
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
20,467	14,899	42,951	–	–	525,253
(5,110)	–	(12,663)	(7,763)	–	(132,863)
–	(2,977)	–	–	–	(522,197)
–	(585)	(2,791)	–	–	(12,709)
760,467	573,325	3,516,497	135,840	–	18,160,834
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
54,144	33,358	236,676	3,748	–	1,010,871
(4,899)	–	(9,586)	(5,876)	–	(97,776)
–	(2,977)	–	–	–	(357,268)
–	(521)	(2,308)	–	–	(10,231)
683,644	473,668	2,675,796	120,121	–	15,124,291
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
76,823	99,657	840,701	15,719	–	3,036,543

4 Property, plant and equipment (continued)

Included in property, plant and equipment are the right-of-use assets related to leased properties and office equipment of $2,767,361 (2022: $1,542,244) and $38,135 (2022: $52,724) relating to the Group respectively; and $239,329 (2022: $247,394) and $33,141 (2022: $44,877) relating to the Company respectively.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $4,110,414 (2022: $2,853,190), of which $57,000 (2022: $82,519) were acquired under finance leases and $3,361,398 (2022: $1,749,999) related to right-of-use assets. Cash payments of $692,016 (2022: $1,020,672) 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 2023 $	Carrying amount 2022 $
Leasehold land and buildings					
69 Jalan Lekar, Singapore 698934; 71 Jalan Lekar, Singapore 698950	Fish farming	10 years from 11 November 2016	41,780	530,345	705,068
35 Lorong Semangka, Singapore 698912	Fish farming	20 years from 20 February 2008	19,343	645,586	810,153
30/25 & 30/26 Moo 8, Khlongnueng, Khlongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2021 to 31 December 2023	3,290	–	9,128
30/24 Moo 8, Khlongnueng, Khlongluang, Pathumthani, 12120 Thailand	Fish farming	1 January 2021to 31 December 2023	1,740	–	4,605
B601, B602, B639, B640 Sri Somrat Market Zone A, Chatuchak, Bangkok 10900 Thailand	Retail outlet	1 January 2021 to 31 December 2023	64	–	6,452
JL. Raya Brantamulya Tengsaw No. 9 Tarik Kolot, Kecamatan Citeureup Bogor, Indonesia 16810	Fish farming	30 years from 1 May 2013	1,343	192,008	234,639
Yan Dun Wen Yuan Village Hui Wen Town Wen Chang City Hainan, China	Fish farming	1 January 2017 to 30 April 2033	3,833	514,569	574,899
No. 12 Dongfeng Road, Qichecheng, Tanbu Town, Huadu District, Guangzhou, China	Office space, factory and warehousing	1 September 2023 to 31 March 2026	24,355	1,356,524	1,300,713
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	36,935	57,487
			Balance carried forward	3,275,967	3,703,144

4 Property, plant and equipment (continued)

Location	Description and existing use	Tenure/ Unexpired term	Land area (sq m)	Carrying amount 2023 $	Carrying amount 2022 $
Leasehold land and buildings (continued)					
		Balance brought forward		3,275,967	3,703,144
Blk 20, Woodlands Link, #03-28/29, Singapore 738733	Warehousing	1 April 2018 to 30 September 2027	389	78,948	100,000
2 Woodlands Sector 1, #03-35, Woodlands Spectrum 1, Singapore 738068	Factory	1 May 2023 to 30 April 2026	1,904	771,304	105,701
211 Woodlands Avenue 9, #04-78, Spectrum 2, Singapore 738960	Warehousing	1 May 2023 to 30 April 2026	369	159,727	21,247
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
No. 42-0, Ground Floor, Lorong Batu Nilam 4A, Bandar Bukit Tinggi, 41200 Klang, Selangor, Malaysia	Retail outlet	1 May 2023 to 30 April 2025	153	20,934	–
No. 56-G, Dataran Dwitasik Jalan Dwitasik, Bandar Sri Permaisuri, 56000 Cheras, Kuala Lumpur, Malaysia	Retail outlet	10 January 2023 to 9 January 2025	153	29,220	–
45 Jalan SS24/8, Taman Megah, 47301 Petaling Jaya, Selangor, Malaysia	Retail outlet	10 September 2023 to 9 August 2025	153	53,970	17,480
6, Jalan SS 4/9 Petaling Jaya, 473300 Selangor, Malaysia	Office space	1 July 2022 to 30 June 2024	153	–	8,480
D-G-08, Jalan SS6/20A Dataran Glomac, Pusat Bandar Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia	Retail outlet	1 March 2023 to 28 February 2026	178	52,561	3,963
Block C, E and F Lot 6212, Kampung Baru Balakong 43300 Balakong, Selangor, Malaysia	Office space and warehousing	1 January 2023 to 31 December 2024	4,196	303,106	–
		Balance carried forward		4,745,737	3,967,578

4 Property, plant and equipment (continued)

Location	Description and existing use	Tenure/ Unexpired term	Land area (sq m)	Carrying amount 2023 $	Carrying amount 2022 $
Freehold land and buildings					
		Balance brought forward		4,745,737	3,967,578
761 Rangsit - Nakornayok 52 Road, Pachatipat, Tanyaburi, Pathumthani, 12130 Thailand	Residential	Freehold	444	36,068	46,169
76 Moo 5, Samruean, Mueang Ratchaburi, Ratchaburi 70000 Thailand	Fish Farming	Freehold	46,219	931,621	1,043,197
				5,713,426	5,056,944

5 Biological assets

	Brooder stocks Group and Company 2023 $	2022 $
Cost		
At 1 January	9,568,000	12,015,000
Additions	135,000	1,487,500
Loss during the year	(9,568,000)	(3,934,500)
At 31 December	135,000	9,568,000
Accumulated depreciation and impairment loss		
At 1 January	1,899,234	4,160,415
Depreciation charge for the year	144,817	181,687
Loss during the year	(2,041,801)	(2,442,868)
At 31 December	2,250	1,899,234
Net carrying amount		
At 31 December	132,750	7,668,766

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.

During the financial year, the Group made a strategic decision to reduce its efforts in the breeding of dragon fish. The disposal of a substantial portion of its brooder stocks will free up resources and the existing earthen ponds will be repurposed to explore new business activities that would generate better value for the Group. Loss on biological assets of approximately $7.4 million has been included under other expenses.

5 Biological assets (continued)

Change in estimates

The brooder stocks are depreciated on a straight-line basis over their estimated useful lives. Following the disposal of a substantial portion of its brooder stocks, the Group revised the estimated useful lives of the remaining brooder stocks from 50 years to 10 years with effect from 1 November 2023, to better reflect the future economic benefits embodied in the assets. The change in accounting estimate has been applied prospectively subsequent to that date without adjustments to previously reported amounts. The adoption of the change in accounting estimate has no material impact to the depreciation charge for the financial year.

The depreciation charged is recognised in general and administrative expenses in the statement of profit or loss.

	Breeder stocks Group and Company	
	2023	**2022**
	$	**$**
At 1 January	183,090	183,240
Decreases due to sales/write-offs	(435,930)	(399,360)
Net increase due to births	252,840	399,210
At 31 December	–	183,090

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 2023 was determined in a similar manner as in 2022. No impairment loss is recognised in respect of the biological assets as at 31 December 2023 and 31 December 2022 as the recoverable amount 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 brooder stocks are pre-tax discount rates, production yield and growth rates. These assumptions are as follows:

	Discount rate		**Production yield**		**Budgeted revenue growth**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	%	**%**			**%**	**%**
Biological assets	12.0	12.0	0.9	3.2 – 8.1	5.0	5.0

Discount rate

The pre-tax 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.

5 Biological assets (continued)

***Key assumptions used in discounted cash flow projection calculations* (continued)**

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 $20,000 as of 31 December 2023 (2022: $716,000). No impairment loss was required for the carrying amount of brooder stocks as at 31 December 2023 and 31 December 2022 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	
	2023	**2022**
	%	**%**
Production yield	(13.1)	(6.7) – (17.0)
Growth rate	(108.9)	(44.4) – (123.7)
Discount rate	32.2	7.2 – 21.3

6 Intangible assets

Group	Trademarks/ Customer acquisition costs/ Formulation rights $	Goodwill $	Total $
Cost			
At 1 January 2022 and 31 December 2022	3,797,806	4,046,430	7,844,236
Additions	4,736	–	4,736
At December 2023	3,802,542	4,046,430	7,848,972
Accumulated amortisation			
At 1 January 2022	938,784	–	938,784
Amortisation for the year	122,000	–	122,000
At 31 December 2022	1,060,784	–	1,060,784
Amortisation for the year	123,316	–	123,316
At 31 December 2023	1,184,100	–	1,184,100
Carrying amounts			
At 1 January 2022	2,859,022	4,046,430	6,905,452
At 31 December 2022	2,737,022	4,046,430	6,783,452
At 31 December 2023	2,618,442	4,046,430	6,664,872

Company	Trademarks/ Customer acquisition costs/ Formulation rights $
Cost	
At 1 January 2022, 31 December 2022 and 31 December 2023	3,717,806
Accumulated amortisation	
At 1 January 2022	858,784
Amortisation for the year	122,000
At 31 December 2022	980,784
Amortisation for the year	122,000
At 31 December 2023	1,102,784
Carrying amounts	
At 1 January 2022	2,859,022
At 31 December 2022	2,737,022
At 31 December 2023	2,615,022

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 2023 was determined in a similar manner as in 2022. No impairment loss was required for the carrying amount of trademarks/customer acquisition costs at 31 December 2023 and 31 December 2022 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 pre-tax discount rates and growth rates. These assumptions are as follows:

	Discount rate		**Terminal value growth rate**		**Budgeted revenue growth**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**	**%**	**%**
Pet food	12.4	13.5	5.0	5.0	5.0	5.0

Discount rate

The pre-tax 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 2023 was determined in the same manner as in 2022. No impairment loss was required for the carrying amount of goodwill as at 31 December 2023 and 31 December 2022 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:

	2023 %	2022 %
Discount rate	16.5	15.4
Terminal growth rate	5.0	5.0
Net profit margin	6.0	5.0

Discount rate

The pre-tax 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 is presented as the cashflow projection is not sensitive to any changes in the key assumptions.

7 Subsidiaries

	Company 2023 $	2022 $
Unquoted equity investments, at cost	3,524,387	3,524,387

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and business	Ownership interest 2023 %	2022 %	Cost of investment by the Company 2023 $	2022 $
* 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
		Balance carried forward			229,001	229,001

7 Subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation and business	Ownership interest 2023 %	2022 %	Cost of investment by the Company 2023 $	2022 $
		Balance brought forward			229,001	229,001
^ 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
^ 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	3,524,387

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% (2022: 49%) direct interest in Qian Hu Marketing Co., Ltd. and the remaining effective interest of 25% (2022:25%) 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.*

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 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Non-listed debt instrument - convertible loan				
At 1 January	1,049,660	–	1,049,660	–
Additions	–	1,000,000	–	1,000,000
Net change in fair value	329,521	49,660	329,521	49,660
At 31 December	1,379,181	1,049,660	1,379,181	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.

On 22 May 2023, the Company has agreed with AquaEasy to extend the maturity date of the USCL from 30 June 2023 to 31 December 2024. The subsequent tenure bears interest at 6% per annum.

As at 31 December 2023, the fair value of the financial asset was valued by an independent valuation firm and the valuation techniques used to derive at the fair value is the income approach by using the Probability Weighted Expected Return Method.

Credit risks

The Group and the Company's exposures to credit risks are disclosed in Note 26.

9 Trade and other receivables

	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Trade receivables	12,202,442	11,984,906	7,157,646	6,906,401
Loss allowance	(1,463,910)	(1,557,036)	(820,000)	(887,000)
Net receivables	10,738,532	10,427,870	6,337,646	6,019,401
Deposits	665,601	635,876	152,610	188,810
Tax recoverable	120,991	88,376	–	–
Other receivables	816,579	758,170	650,164	569,344
Deposit for purchase of property, plant and equipment	849,680	–	–	–
Amounts due from subsidiaries				
- trade	–	–	11,367,259	12,813,411
- non-trade	–	–	2,892,703	2,892,703
Amortised cost	13,191,383	11,910,292	21,400,382	22,483,669
Prepayments	614,910	478,580	116,701	81,010
Advances to suppliers	561,880	676,959	264,698	488,129
	14,368,173	13,065,831	21,781,781	23,052,808
Non-current	–	–	4,850,220	5,557,205
Current	14,368,173	13,065,831	16,931,561	17,495,603
	14,368,173	13,065,831	21,781,781	23,052,808

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.

9 Trade and other receivables (continued)

Receivables denominated in currencies other than the Company's functional currency comprise:

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
US Dollar	2,737,333	1,752,526	1,712,372	858,620
Euro	13,746	31,685	–	–
Malaysian Ringgit	25,174	–	25,174	–
Chinese Renminbi	45,742	65,682	710	10,142
Indonesian Rupiah	29,670	–	29,670	–

Included in the amount due from subsidiaries is an amount due from GZQH of approximately $8.1 million as at 31 December 2023 (2022: $8.8 million).

The Company entered into a repayment arrangement with GZQH, of which $3.2 million of the outstanding amount as at 31 December 2022 was due on 31 December 2023 and the remaining amount of approximately $5.6 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 2023 is due on 31 December 2024 and the remaining amount of approximately $4.9 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.

10 Inventories

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
Fish	1,608,042	1,590,970	919,534	955,863
Accessories	9,416,363	12,350,781	3,796,651	4,007,350
Raw materials – plastic products	466,283	542,489	–	–
Finished goods – plastic products	748,947	774,147	–	–
	12,239,635	15,258,387	4,716,185	4,963,213

In 2023, inventories of $40,860,228 (2022: $47,466,621) 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	
	2023 $	2022 $	2023 $	2022 $
Cash and bank balances	15,119,457	16,042,526	8,168,917	8,314,647
Short-term deposits	426,764	4,074,312	–	2,671,525
Cash and cash equivalents	15,546,221	20,116,838	8,168,917	10,986,172

Short-term deposits bear average effective interest rate of 3.57% (2022: 2.64%) per annum.

11 Cash and cash equivalents (continued)

Cash and cash equivalents denominated in foreign currencies other than the Company's functional currency comprise:

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
US Dollar	3,222,853	3,276,708	2,443,063	2,262,816
Euro	106,028	203,101	27,921	21,018
Chinese Renminbi	9,394	11,240	9,394	11,240

12 Share capital

	Group and Company			
	2023 $	2023 No. of shares	2022 $	2022 No. of shares
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	30,772,788	113,526,467	30,772,788	113,526,467

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding NCI. The Board of Directors also monitors the level of dividends to ordinary equity holders. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
Net debt	1,258,843	215,786	5,308,022	7,084,801
Total equity	41,731,628	51,550,753	31,670,370	39,611,343
Total capital	42,990,471	51,766,539	36,978,392	46,696,144
Gearing ratio	0.03	0.00	0.14	0.15

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2022 and 2023. 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 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Retained earnings	9,377,729	18,995,161	808,030	8,749,818
Translation reserve	(657,177)	(512,945)	89,552	88,737
	8,720,552	18,482,216	897,582	8,838,555

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 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Non-current liabilities				
Lease liabilities	1,562,395	938,926	216,920	203,018
Current liabilities				
Bank term loans (unsecured)	5,000,000	9,000,000	5,000,000	9,000,000
Bills payable to banks (unsecured)	–	25,607	–	–
Lease liabilities	1,387,150	838,021	125,682	130,953
	6,387,150	9,863,628	5,125,682	9,130,953
Total borrowings	7,949,545	10,802,554	5,342,602	9,333,971

The unsecured short-term loans are revolving bank loans which bear interest at rates from 4.75% to 5.01% (2022: 4.75% to 5.20%) per annum and are repayable within the next 12 months from the reporting date.

There were no bills payable to banks for the Group and for the Company as at 31 December 2023. The weighted average effective interest rate relating to the bills payable to banks was 4.25% per annum in the previous financial year. These bills matured within one to three months from 31 December 2022.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount $	Cash flows: Contractual cash flows $	Cash flows: Within 1 year $	Cash flows: Within 1 to 5 years $	Cash flows: More than 5 years $
Group					
2023					
Bank term loans	5,000,000	5,243,500	5,243,500	–	–
Lease liabilities	2,949,545	3,130,011	1,500,774	1,629,237	–
Trade and other payables*	5,572,129	5,572,129	5,572,129	–	–
	13,521,674	13,945,640	12,316,403	1,629,237	–
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*	6,217,001	6,217,001	6,217,001	–	–
	17,019,555	17,528,562	16,564,490	964,072	–

14 Loans and borrowings (continued)

	Carrying amount $	Contractual cash flows $	Cash flows Within 1 year $	Within 1 to 5 years $	More than 5 years $
Company					
2023					
Bank term loans	5,000,000	5,243,500	5,243,500	–	–
Lease liabilities	342,602	373,558	138,528	235,030	–
Trade and other payables*	5,618,439	5,618,439	5,618,439	–	–
	10,961,041	11,235,497	11,000,467	235,030	–
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*	6,220,297	6,220,297	6,220,297	–	–
	15,554,268	16,017,125	15,807,729	209,396	–

* *Excludes advance received from customers and accrued staff costs.*

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Other loans and borrowings $	Lease liabilities $	Accrued interest payable (Note 16) $	Total $
Group				
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

14 Loans and borrowings (continued)

	Other loans and borrowings $	Lease liabilities $	Accrued interest payable (Note 16) $	Total $
Group				
Balance at 1 January 2023	9,025,607	1,776,947	21,335	10,823,889
Changes from financing cash flows				
Interest paid	–	(111,305)	(353,200)	(464,505)
Repayment of lease liabilities	–	(1,337,293)	–	(1,337,293)
Repayment of bank term loans	(4,000,000)	–	–	(4,000,000)
Total changes from financing cash flows	(4,000,000)	(1,448,598)	(353,200)	(5,801,798)
The effect of changes in foreign exchange rates	(1,511)	(48,811)	–	(50,322)
Other changes				
New leases	–	3,418,398	–	3,418,398
Derecognition of lease liabilities	–	(859,696)	–	(859,696)
Interest expense	–	111,305	339,746	451,051
Bills payable to bank (net)	(24,096)	–	–	(24,096)
Total other changes	(24,096)	2,670,007	339,746	2,985,657
Balance at 31 December 2023	5,000,000	2,949,545	7,881	7,957,426

15 Deferred tax liabilities

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
Property, plant and equipment	47,936	54,444	–	–

Movement in deferred tax liabilities

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
At 1 January	54,444	73,272	–	–
Recognised in profit or loss	(5,066)	(17,757)	–	–
Translation differences on consolidation	(1,442)	(1,071)	–	–
At 31 December	47,936	54,444	–	–

15 Deferred tax liabilities (continued)

Unrecognised deferred tax assets

	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Deductible temporary differences	7,639,764	35,356	7,639,764	35,356
Tax losses	5,979,522	6,091,170	5,475,911	5,475,911
	13,619,286	6,126,526	13,115,675	5,511,267

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 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Trade payables	3,409,407	2,931,898	1,846,501	1,396,971
Accrued operating expenses	830,023	1,087,287	653,388	869,177
Accrued interest payable	7,881	21,335	7,881	21,335
Other payables	1,324,818	2,176,481	964,049	1,810,557
Accrued staff costs	2,724,496	2,744,436	2,278,904	2,344,265
Advance received from customers	558,894	568,633	236,994	172,440
Amounts due to subsidiaries				
- trade	–	–	831,416	907,053
- non-trade	–	–	1,315,204	1,215,204
	8,855,519	9,530,070	8,134,337	8,737,002

Other payables are interest-free and have an average term of three months. The non-trade amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

Payables denominated in currencies other than the Company's functional currency comprise:

	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
US Dollar	202,135	256,735	163,482	200,744
Euro	30,889	1,052	30,889	1,052
Japanese Yen	282	–	282	–
Australian Dollar	22,014	24,945	22,014	24,945
Malaysian Ringgit	36,649	2,241	8,048	2,241
Thai Baht	516,332	–	539,453	–
Chinese Renminbi	167,749	197,764	142,479	197,764
New Taiwan Dollar	92,031	81,613	92,031	62,342
Indonesian Rupiah	100,764	–	100,764	–

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 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Sale of goods:				
- fish	27,646,128	29,137,041	18,393,107	19,259,724
- accessories	34,650,097	38,138,949	20,111,160	22,792,535
- plastics	8,017,562	7,989,038	–	–
	70,313,787	75,265,028	38,504,267	42,052,259

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/seafood
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

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 2023 $	Fish 2022 $	Accessories 2023 $	Accessories 2022 $	Plastics 2023 $	Plastics 2022 $	Total 2023 $	Total 2022 $
Group								
Primary geographical markets								
Singapore	7,674,136	7,624,773	11,608,369	11,726,965	7,566,805	7,611,274	26,849,310	26,963,012
Other Asian countries	10,327,375	11,639,807	19,238,572	21,747,652	292,220	156,072	29,858,167	33,543,531
Europe	4,375,197	4,498,604	244,470	446,589	46,667	118,547	4,666,334	5,063,740
Others	5,269,420	5,373,857	3,558,686	4,217,743	111,870	103,145	8,939,976	9,694,745
	27,646,128	29,137,041	34,650,097	38,138,949	8,017,562	7,989,038	70,313,787	75,265,028

17 Revenue (continued)

Contract balances

The following table provides information about contract liabilities from contracts with customers.

	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Contract liabilities	(558,894)	(568,633)	(236,994)	(172,440)

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 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	568,633	503,383	172,440	154,987
Increases due to cash received, excluding amounts recognised as revenue during the year	(558,894)	(568,633)	(236,994)	(172,440)

18 Net finance costs

	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Interest income				
- bank deposits	140,680	34,842	67,031	17
Interest expense				
- bank loans and overdrafts	(336,279)	(295,316)	(336,279)	(295,316)
- bills payable to banks	(3,467)	(3,784)	–	–
- lease liabilities	(111,305)	(52,637)	(11,929)	(8,364)
	(451,051)	(351,737)	(348,208)	(303,680)
Net finance costs	(310,371)	(316,895)	(281,177)	(303,663)

19 (Loss) Profit before tax

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

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
Allowance for (Write back of allowance for) inventory obsolescence	1,517,783	(240,000)	(88,000)	(180,000)
Auditors' remuneration				
- auditors of the Company	158,000	158,000	140,000	140,000
- other auditors	19,706	20,976	–	–
Non-audit fees				
- auditors of the Company	55,000	100,000	55,000	100,000
- other auditors	25,737	34,217	16,640	25,120
Bad trade receivables written off (recovered)	49,390	26,981	16,555	(5,158)
Directors' fees				
- directors of the Company	80,000	80,000	80,000	80,000
Depreciation of				
- property, plant and equipment	2,747,322	2,890,625	1,010,871	979,569
- biological assets	144,817	181,687	144,817	181,687
Amortisation of intangible assets	123,316	122,000	122,000	122,000
Exchange loss (gain), net	29,913	178,740	(3,543)	236,424
Short term leases	141,020	125,937	25,000	60,270
Property, plant and equipment written off	364	1,466	364	1,466
Staff costs				
- salaries and bonus	13,284,249	13,312,649	8,485,888	8,569,364
- provident fund contributions	958,453	904,085	657,103	609,326
- staff welfare benefits	955,070	1,116,232	345,027	496,998
- foreign worker levy	392,654	394,655	356,720	354,869
Other (income) expenses				
- gain on disposal of property, plant and equipment	(44,254)	(51,772)	(46,421)	(122)
- dividend income received from subsidiaries	–	–	(873,480)	(1,027,400)
- net change in fair value of financial asset at FVTPL	(329,521)	(49,660)	(329,521)	(49,660)
- gain on derecognition of right-of-use assets and lease liabilities	(12,703)	–	(2,471)	–
- sundry income	(122,474)	(170,000)	(15,918)	(31,315)
- handling income (net)	(3,035,303)	(4,010,818)	(3,035,303)	(4,010,818)
- loss on liquidation of a subsidiary	–	–	–	303,825
- loss on biological assets	7,391,199	4,132	7,391,199	4,132

20 Tax expense

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
Tax recognised in profit or loss				
Current tax expense				
Current year	150,175	246,538	27,348	22,740
Under provision in respect of prior year	12,437	27,770	–	–
	162,612	274,308	27,348	22,740
Deferred tax credit				
Origination and reversal of temporary differences	(5,066)	(4,523)	–	–
Over provision in respect of prior year	–	(13,234)	–	–
	(5,066)	(17,757)	–	–
Total tax expense	157,546	256,551	27,348	22,740
Reconciliation of effective tax rate				
(Loss) Profit before tax	(8,968,739)	1,895,885	(7,573,861)	1,101,749
Tax using Singapore tax rate of 17% (2022: 17%)	(1,524,686)	322,300	(1,287,556)	187,297
Effect of tax rates in foreign jurisdictions	18,918	47,797	–	–
Expenses not deductible for tax purposes	409,420	150,454	67,822	103,382
Income not subject to tax	(121,662)	(72,332)	(213,454)	(183,100)
Recognition of tax effect of previously unrecognised tax losses	(37,495)	(17,973)	–	–
Change in unrecognised temporary differences	1,375,576	(141,300)	1,278,803	(165,239)
Group tax relief transferred out	–	–	154,385	121,238
Withholding tax	27,348	22,740	27,348	22,740
Tax incentives	(2,310)	(69,671)	–	(63,578)
Under provision in respect of prior year	12,437	14,536	–	–
Tax expense	157,546	256,551	27,348	22,740

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	
	2023	**2022**
Remuneration of:		
$250,000 to $499,999	1	–
Below $250,000	4	6
	5	6

Names of director	**Salary $**	**Bonus $**	**Directors' fees $**	**Total $**
Group and Company				
2023				
Kenny Yap Kim Lee	220,616	–	–	220,616
Yap Kok Cheng	288,444	26,910	–	315,354
Soong Wee Choo	–	–	28,000	28,000
Sharon Yeoh Kar Choo	–	–	26,000	26,000
Ling Kai Huat	–	–	26,000	26,000
Total	509,060	26,910	80,000	615,970
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

22 (Loss) Earnings per share

	Group	
	2023	**2022**
(Loss) Profit attributable to equity holders of the Company ($)	(9,276,853)	1,399,881
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	113,526,467	113,526,467
Basic (loss) earnings per share (cents)	(8.17)	1.23

22 (Loss) Earnings per share (continued)

The calculation of basic (loss) earnings per share at 31 December was based on (loss) profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding.

The Group has no dilution in its (loss) earnings per share at 31 December 2023 and 31 December 2022.

23 Dividends

	Group and Company 2023 $	2022 $
Final dividend paid of 0.3 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2022	340,579	–
Final dividend paid of 0.3 cents per share (one-tier tax exempt) in respect of the year ended 31 December 2021	–	340,579

The directors have proposed a final dividend of $0.003 (2022: $0.003) per ordinary share, one-tier exempt, totalling $340,579 (2022: $340,579) in respect of the financial year ended 31 December 2023. 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 2024.

During the year, there were dividends paid by a subsidiary to non-controlling interests amounting to $184,800 (2022: $155,600).

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 2023 $	2022 $
Short-term employee benefits		
- directors of the Company	615,970	595,880
- other key management personnel	1,988,815	2,149,652
	2,604,785	2,745,532

24 Significant related party transactions (continued)

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	
	2023 $	2022 $	2023 $	2022 $
Sales to subsidiaries	–	–	3,438,051	3,099,796
Purchases from subsidiaries	–	–	2,838,351	3,508,835

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

	Fish $'000	Accessories $'000	Plastics $'000	Others $'000	Total $'000
2023					
Group					
Revenue					
External revenue	27,646	34,650	8,018	–	70,314
Inter-segment revenue	2,872	8,689	175	(11,736)	–
Total revenue	30,518	43,339	8,193	(11,736)	70,314
Results					
EBITDA*	(4,163)	248	1,386	(3,115)	(5,644)
Depreciation and amortisation	(1,183)	(1,268)	(518)	(46)	(3,015)
Interest expense	(8)	(70)	(37)	(336)	(451)
Interest income	65	33	–	43	141
(Loss) Profit before tax	(5,289)	(1,057)	831	(3,454)	(8,969)
Tax expense	(111)	(8)	–	(38)	(157)
(Loss) Profit for the year	(5,400)	(1,065)	831	(3,492)	(9,126)
Assets and liabilities					
Segment assets	21,360	28,021	5,964	3,588	58,933
Segment liabilities	4,264	5,197	2,087	5,653	17,201
Other segment information					
Expenditure for non-current assets**	454	174	121	–	749
Other non-cash items:					
Bad trade receivables written off	32	16	1	–	49
(Gain) Loss on disposal of property, plant and equipment	(47)	***	3	–	(44)
Loss on biological assets	7,391	–	–	–	7,391
Gain on derecognition of right-of-use assets and lease liabilities	–	(13)	–	–	(13)
Property, plant and equipment written off	***	–	–	–	***
Impairment loss on trade receivables	137	17	–	–	154
Allowance for inventory obsolescence	–	1,518	–	–	1,518
Net change in fair value of financial asset at FVTPL	–	–	–	(330)	(330)

* *EBITDA – Earnings (Loss) Before Interest, Taxation, Depreciation and Amortisation*
** *This includes capital expenditure and additions to other non-current assets*
*** *Amount less than $1,000*

25 Operating segments (continued)

Information about reportable segments (continued)

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:					
Bad trade receivables written off	24	3	–	–	27
Gain on disposal of property, plant and equipment	(6)	(46)	***	–	(52)
Loss on biological assets	4	–	–	–	4
Property, plant and equipment written off	1	–	–	–	1
Impairment loss on trade receivables	63	28	–	–	91
Write back of allowance for inventory obsolescence	–	(240)	–	–	(240)
Net change in fair value of financial asset at FVTPL	–	–	–	(50)	(50)

* *EBITDA – Earnings (Loss) 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
2023					
Revenue from external customers	26,849	29,858	4,667	8,940	70,314
Segment non-current assets	11,032	4,368	–	–	15,400
Segment assets	37,518	21,415	–	–	58,933
2022					
Revenue from external customers	26,963	33,543	5,064	9,695	75,265
Segment non-current assets	18,567	4,150	–	–	22,717
Segment assets	47,328	25,063	–	–	72,391

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	
	2023 $	2022 $	2023 $	2022 $
Impairment loss on trade receivables	154,010	91,424	170,036	60,761

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:

	2023		2022	
	Not credit-impaired $	Credit-impaired $	Not credit-impaired $	Credit-impaired $
Group				
- Four or more years' trading history with the Group*	9,510,600	–	7,878,661	–
- Less than four years' trading history with the Group*	1,227,932	–	2,549,209	–
- Higher risk	420,492	1,043,418	446,282	1,110,754
Total gross carrying amount	11,159,024	1,043,418	10,874,152	1,110,754
Loss allowance	(420,492)	(1,043,418)	(446,282)	(1,110,754)
	10,738,532	–	10,427,870	–
Company				
- Four or more years' trading history with the Group*	5,546,381	–	4,535,159	–
- Less than four years' trading history with the Group*	791,265	–	1,484,242	–
- Higher risk	183,212	636,788	231,353	655,647
Total gross carrying amount	6,520,858	636,788	6,250,754	655,647
Loss allowance	(183,212)	(636,788)	(231,353)	(655,647)
	6,337,646	–	6,019,401	–

* *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)

Trade receivables (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				
2023				
Within 1 month (invoices issued)	0.00	4,285,529	–	No
Within 1 – 2 months	0.00	2,586,099	–	No
Within 2 – 3 months	0.00	2,425,212	–	No
Within 3 – 4 months	0.00	619,326	–	No
More than 4 months	64.03	2,286,276	1,463,910	Yes
		12,202,442	1,463,910	
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	
Company				
2023				
Within 1 month (invoices issued)	0.00	2,453,866	–	No
Within 1 – 2 months	0.00	1,334,018	–	No
Within 2 – 3 months	0.00	1,745,032	–	No
Within 3 – 4 months	0.00	428,428	–	No
More than 4 months	68.54	1,196,302	820,000	Yes
		7,157,646	820,000	
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	

26 Financial risk management (continued)

Credit risk (continued)

Trade receivables (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2023 $	2022 $	2023 $	2022 $
Balance at 1 January	1,557,036	1,544,408	887,000	884,000
Impairment loss	154,010	91,424	170,036	60,761
Amounts written off against impairment loss made	(237,036)	(57,761)	(237,036)	(57,761)
Translation differences on consolidation	(10,100)	(21,035)	–	–
Balance at 31 December	1,463,910	1,557,036	820,000	887,000

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 (2022: $2,892,703). 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 $15,546,221 and $8,168,917 at 31 December 2023 (2022: $20,116,838 and $10,986,172). 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)

***Market risk* (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 2023		
US Dollar	(575,805)	(399,195)
Euro	(8,889)	297
Japanese Yen	28	28
Australian Dollar	2,201	2,201
Malaysian Ringgit	1,148	(1,713)
Thai Baht	51,633	53,945
Chinese Renminbi	11,261	13,238
New Taiwan Dollar	9,203	9,203
Indonesian Rupiah	7,109	7,109

	Group $	Company $
31 December 2022		
US Dollar	(477,250)	(292,069)
Euro	(23,373)	(1,997)
Australian Dollar	2,495	2,495
Malaysian Ringgit	224	224
Chinese Renminbi	12,084	17,638
New Taiwan Dollar	8,161	6,234

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.

26 Financial risk management (continued)

***Market risk* (continued)**

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.

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				
2023				
Financial liabilities				
Fixed rate				
Lease liabilities	1,387,150	1,562,395	–	2,949,545
Floating rate				
Bank term loans	5,000,000	–	–	5,000,000
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
Company				
2023				
Financial liabilities				
Fixed rate				
Lease liabilities	125,682	216,920	–	342,602
Floating rate				
Bank term loans	5,000,000	–	–	5,000,000
2022				
Financial liabilities				
Fixed rate				
Lease liabilities	130,953	203,018	–	333,971
Floating rate				
Bank term loans	9,000,000	–	–	9,000,000

26 Financial risk management (continued)

***Market risk* (continued)**

***Interest rate risk* (continued)**

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a change of 100 basis point (bp) in interest rate at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or Loss	
	100 bp Increase $	**100 bp Decrease $**
Group		
31 December 2023		
Floating rate instruments	(50,000)	50,000
31 December 2022		
Floating rate instruments	(90,000)	90,000
Company		
31 December 2023		
Floating rate instruments	(50,000)	50,000
31 December 2022		
Floating rate instruments	(90,000)	90,000

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 $1.6 million (2022: $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.

Group	Mandatorily at FVTPL $	Amortised cost $	Other financial liabilities $	Total carrying amount $
2023				
Financial assets				
Financial asset at FVTPL	1,379,181	–	–	1,379,181
Trade and other receivables#	–	13,191,383	–	13,191,383
Cash and cash equivalents	–	15,546,221	–	15,546,221
	1,379,181	28,737,604	–	30,116,785
Financial liabilities				
Lease liabilities	–	–	(2,949,545)	(2,949,545)
Bank term loans	–	–	(5,000,000)	(5,000,000)
Trade and other payables*	–	–	(5,572,129)	(5,572,129)
	–	–	(13,521,674)	(13,521,674)
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*	–	–	(6,217,001)	(6,217,001)
	–	–	(17,019,555)	(17,019,555)

26 Financial risk management (continued)

Accounting classifications and fair values (continued)

Company	Mandatorily at FVTPL $	Amortised cost $	Other financial liabilities $	Total carrying amount $
2023				
Financial assets				
Financial asset at FVTPL	1,379,181	–	–	1,379,181
Trade and other receivables#	–	21,400,382	–	21,400,382
Cash and cash equivalents	–	8,168,917	–	8,168,917
	1,379,181	29,569,299	–	30,948,480
Financial liabilities				
Lease liabilities	–	–	(342,602)	(342,602)
Bank term loans	–	–	(5,000,000)	(5,000,000)
Trade and other payables*	–	–	(5,618,439)	(5,618,439)
	–	–	(10,961,041)	(10,961,041)
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*	–	–	(6,220,297)	(6,220,297)
	–	–	(15,554,268)	(15,554,268)

\# *Excludes prepayments and advances to suppliers.*
* *Excludes advance received from customers and accrued staff costs.*

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.

27 Measurement of fair values (continued)

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.

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 2023				
Unsecured convertible loan	–	–	1,379,181	1,379,181
31 December 2022				
Breeder stocks	–	–	183,090	183,090
Unsecured convertible loan	–	–	1,049,660	1,049,660
	–	–	1,232,750	1,232,750

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.

27 Measurement of fair values (continued)

The following table shows the key unobservable inputs used in the valuation models:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets		
Breeder stocks	• Premiums on quality, estimated based on colour and size • Estimated future breeder market price	As the estimated fair value increases, the higher is the estimated selling price and premium of breeder.
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 2023	1,049,660
Net change in fair value	329,521
At 31 December 2023	1,379,181

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.

28 Leases (continued)

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 2022	1,147,961	69,966	1,217,927
Additions to right-of-use assets	1,745,591	4,408	1,749,999
Depreciation charge for the year	(1,308,357)	(21,650)	(1,330,007)
Translation difference on consolidation	(42,951)	–	(42,951)
Balance at 31 December 2022	1,542,244	52,724	1,594,968
Balance at 1 January 2023	1,542,244	52,724	1,594,968
Additions to right-of-use assets	3,352,920	8,478	3,361,398
Depreciation charge for the year	(1,238,108)	(23,067)	(1,261,175)
Derecognition to right-of-use assets	(846,992)	–	(846,992)
Translation difference on consolidation	(42,703)	–	(42,703)
Balance at 31 December 2023	2,767,361	38,135	2,805,496
Company			
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
Balance at 1 January 2023	247,394	44,877	292,271
Additions to right-of-use assets	265,921	8,478	274,399
Depreciation charge for the year	(109,057)	(20,214)	(129,271)
Derecognition to right-of-use assets	(164,929)	–	(164,929)
Balance at 31 December 2023	239,329	33,141	272,470

28 Leases (continued)

Amounts recognised in profit or loss

	2023 $	2022 $
Interest on lease liabilities	111,305	52,637
Expenses relating to short-term leases	141,020	125,937

Amounts recognised in statement of cash flows

	2023 $	2022 $
Total cash outflow for leases	1,589,618	1,582,362

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 2023, the Company has not made any capital contribution into this subsidiary.

Statistics of Shareholdings

As at 6 February 2024

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	241	11.10	9,242	0.01
100 - 1,000	428	19.71	198,793	0.18
1,001 - 10,000	918	42.29	4,135,658	3.64
10,001 - 1,000,000	563	25.93	27,791,278	24.48
1,000,001 and above	21	0.97	81,391,496	71.69
Total	**2,171**	**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)	5,869,540	5.17	–	–
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)	5,869,540	5.17
7	Yap Kim Chuan	5,331,398	4.70
8	Maybank Securities Pte. Ltd.	4,532,664	3.99
9	Simon Seah Seow Kee	4,140,150	3.65
10	Estate Of Yap Kim Choon, Deceased	3,925,000	3.46
11	Yap Suhui	3,825,900	3.37
12	Hong Leong Finance Nominees Pte Ltd	2,464,500	2.17
13	Yap Chew Ring	2,424,475	2.13
14	Choo Chee Kiong	2,200,000	1.94
15	Ang Kim Sua	1,723,500	1.52
16	Wong Bei Keen	1,527,500	1.34
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
		80,301,496	**70.73**

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 6 February 2024. 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-Fifth Annual General Meeting of Qian Hu Corporation Limited (the "**Company**") will be held at No. 71 Jalan Lekar, Singapore 698950 on Wednesday, 27 March 2024, 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 2023 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 2023. **[Resolution 2]**

3 To re-elect Dr Ling Kai Huat in accordance with Regulation 91 of the Company's Constitution, as Director of the Company.
[See Explanatory Note (a)] **[Resolution 3]**

4 To note the retirement of Ms Yeoh Kar Choo pursuant to Rule 210(5)(d)(iv) of the Listing Manual.

5 To approve the sum of S$80,000 as Directors' fees for the financial year ended 31 December 2023. (2022: S$80,000) **[Resolution 4]**

6 To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

7 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:-

8 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 6]**

By Order of the Board

Lai Chin Yee
Company Secretary

Singapore
28 February 2024

Explanatory Notes:

(a) Dr Ling Kai Huat, if re-elected, will remain as a member of the Company's Audit & Risk Management Committee and Nominating Committee and will also continue to remain as the Chairman of the Remuneration Committee. Dr Ling Kai Huat will be considered as an Independent Director of the Company. Pursuant to Rule 720(6) of the Listing Manual, further information on Dr Ling Kai Huat is set out on Pages 200 to 202 of the Company's Annual Report 2023.

(b) The Ordinary Resolution 6, under item 8 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-Fifth 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 2023" 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 members ("**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 15 March 2024**, 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 / 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 am on 24 March 2024, 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 15 March 2024:

   (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 20 March 2024 after trading hours.

9. For questions addressed during the AGM, the responses to such questions will be included in the minutes of 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 2023 dated 28 February 2024 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 2023" 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 12 April 2024 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 2024 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 2024 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the Twenty-Fifth Annual General Meeting to be held on 27 March 2024, will be paid on 24 April 2024.

Supplemental Information on Director Seeking Re-Election

At The 25th Annual General Meeting

[Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1.]

Name of director	Dr Ling Kai Huat
Date of first appointment	1 August 2015
Date of last re-appointment	30 March 2022
Age	75
Country of principal residence	Republic of Singapore
Job Title	• Non-Executive Independent Director • Chairperson of the Remuneration Committee • Member of the Audit & Risk Management Committee • Member of the Nominating Committee
The Board's comments on the re-appointment	Dr Ling has in-depth industry knowledge and business experience that contribute towards the core competencies of the Board. The Board considered the Nominating Committee's recommendation and assessment on Dr Ling's background, expertise, experiences, independence and contribution to the Board, as well as the commitment in the discharge of his duties as an Independent Non-Executive Director of Qian Hu Corporation Limited and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Professional qualifications	• 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
Working experience and occupation(s) during the past 10 years	<u>From 2012 - 2015:</u> Senior Specialist of Agri-Veterinary Authority of Singapore (AVA)
Shareholding interest in the listed issuer and its subsidiaries	Nil
Relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments including Directorships Past (for the last 5 years): Present:	 Nil Director of Qian Hu Corporation Limited (listed on SGX)

Name of director	Dr Ling Kai Huat

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No

Supplemental Information on Director Seeking Re-Election
At The 25th Annual General Meeting
[Pursuant to SGX-ST Listing Manual – Rule 720(6) and Appendix 7.4.1.]

(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

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 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 15 March 2024.
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			

and/or (delete as appropriate)

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, 27 March 2024 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 2023			
2	Payment of proposed final dividend			
3	Re-election of Dr Ling Kai Huat as director			
4	Approval of directors' fees			
5	Re-appointment of KPMG LLP as auditors			
AS SPECIAL BUSINESS				
6	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 ______________ 2024.

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

Total Number of Shares Held

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 24 March 2024, 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 28 February 2024.

Fold and seal here

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

Fold and seal here

QIAN HU CORPORATION LIMITED
COMPANY REGistration NO.: 199806124N

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