



**Interim Financial Information  
As at and for the Half Year Ended  
30 June 2022**

**QIAN HU CORPORATION LIMITED**

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

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

**INTERIM FINANCIAL INFORMATION**  
**AS AT AND FOR THE HALF YEAR ENDED 30 JUNE 2022**

**STATEMENTS OF FINANCIAL POSITION**

	Note	Group		Company	
		As at 30 Jun 2022 \$	As at 31 Dec 2021 \$	As at 30 Jun 2022 \$	As at 31 Dec 2021 \$
<b>ASSETS</b>					
Property, plant and equipment	3	9,427,948	8,585,515	3,787,002	3,747,518
Biological assets - brooder stocks	4	7,761,795	7,854,585	7,761,795	7,854,585
Intangible assets	5	6,844,452	6,905,452	2,798,022	2,859,022
Subsidiaries		-	-	4,023,450	4,023,450
Trade and other receivables	8	-	-	5,985,713	5,985,713
<b>Non-current assets</b>		<b>24,034,195</b>	<b>23,345,552</b>	<b>24,355,982</b>	<b>24,470,288</b>
Biological assets - breeder stocks	4	183,240	183,240	183,240	183,240
Fair value through profit or loss ("FVTPL") investment	6	1,025,000	-	1,025,000	-
Inventories	7	15,959,096	15,980,161	4,401,156	4,391,859
Trade and other receivables	8	14,452,360	13,613,388	18,582,317	18,268,904
Cash and cash equivalents		20,411,645	21,671,287	11,782,269	12,568,403
<b>Current assets</b>		<b>52,031,341</b>	<b>51,448,076</b>	<b>35,973,982</b>	<b>35,412,406</b>
<b>Total assets</b>		<b>76,065,536</b>	<b>74,793,628</b>	<b>60,329,964</b>	<b>59,882,694</b>
<b>EQUITY</b>					
Share capital	9	30,772,788	30,772,788	30,772,788	30,772,788
Reserves		17,903,127	17,547,455	9,105,733	7,905,124
<b>Equity attributable to owners of the Company</b>		<b>48,675,915</b>	<b>48,320,243</b>	<b>39,878,521</b>	<b>38,677,912</b>
<b>Non-controlling interests</b>		<b>2,397,173</b>	<b>2,310,722</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>51,073,088</b>	<b>50,630,965</b>	<b>39,878,521</b>	<b>38,677,912</b>
<b>LIABILITIES</b>					
Loans and borrowings	10	1,313,428	401,953	172,228	80,596
Deferred tax liabilities		72,821	73,272	-	-
<b>Non-current liabilities</b>		<b>1,386,249</b>	<b>475,225</b>	<b>172,228</b>	<b>80,596</b>
Loans and borrowings	10	13,378,095	13,047,489	12,086,302	12,055,789
Trade and other payables	11	9,867,321	10,174,323	7,985,456	8,860,940
Current tax payable		360,783	465,626	207,457	207,457
<b>Current liabilities</b>		<b>23,606,199</b>	<b>23,687,438</b>	<b>20,279,215</b>	<b>21,124,186</b>
<b>Total liabilities</b>		<b>24,992,448</b>	<b>24,162,663</b>	<b>20,451,443</b>	<b>21,204,782</b>
<b>Total equity and liabilities</b>		<b>76,065,536</b>	<b>74,793,628</b>	<b>60,329,964</b>	<b>59,882,694</b>
Inventory turnover (days)		123	121	66	67
Trade receivables turnover (days)		62	61	64	64
Debt equity ratio (times)		0.49	0.48	0.51	0.55



**QIAN HU CORPORATION LIMITED**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Note	Group		Change %
		6 months ended 30 Jun		
		2022	2021	
		\$	\$	
Revenue	12	38,106,569	39,714,406	(4.0)
Cost of sales		(25,744,149)	(26,745,550)	(3.7)
<b>Gross profit</b>		<b>12,362,420</b>	<b>12,968,856</b>	<b>(4.7)</b>
Other income	13	2,470,805	1,810,902	36.4
Selling & distribution expenses		(1,229,281)	(1,123,385)	9.4
General & administrative expenses		(12,220,945)	(12,217,170)	0.0
Impairment loss on trade receivables		(188,052)	(214,040)	(12.1)
<b>Results from operating activities</b>		<b>1,194,947</b>	<b>1,225,163</b>	<b>(2.5)</b>
Finance income		16,377	13,752	19.1
Finance costs		(126,439)	(134,709)	(6.1)
<b>Net finance costs</b>	14	<b>(110,062)</b>	<b>(120,957)</b>	<b>(9.0)</b>
<b>Profit before tax</b>	15	<b>1,084,885</b>	<b>1,104,206</b>	<b>(1.7)</b>
Tax expense	16	(115,605)	(113,831)	1.6
<b>Profit for the period</b>		<b>969,280</b>	<b>990,375</b>	<b>(2.1)</b>
<b>Profit attributable to:</b>				
Owners of the Company		815,582	856,500	(4.8)
Non-controlling interests		153,698	133,875	14.8
<b>Profit for the period</b>		<b>969,280</b>	<b>990,375</b>	<b>(2.1)</b>
<b>Earnings per share (cents)</b>	17			
Basic		0.72	0.75	
Diluted		0.72	0.75	
Gross profit margin		32.4%	32.7%	
Net profit margin		2.5%	2.5%	
Effective tax rate		10.7%	10.3%	



**QIAN HU CORPORATION LIMITED**  
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

	<b>Group</b>		<b>Change</b>
	<b>6 months ended 30 Jun</b>		
	<b>2022</b>	<b>2021</b>	
	\$	\$	%
<b>Profit for the period</b>	969,280	990,375	(2.1)
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences - foreign operations, net of tax	(186,578)	(433,918)	(57.0)
<b>Other comprehensive income for the period, net of tax</b>	(186,578)	(433,918)	(57.0)
<b>Total comprehensive income for the period</b>	<b>782,702</b>	<b>556,457</b>	<b>40.7</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	696,251	534,333	30.3
Non-controlling interests	86,451	22,124	290.8
<b>Total comprehensive income for the period</b>	<b>782,702</b>	<b>556,457</b>	<b>40.7</b>



**QIAN HU CORPORATION LIMITED**  
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**STATEMENTS OF CHANGES IN EQUITY**

Group	Attributable to owners of the Company			Total	Non-Controlling interests	Total equity
	Share capital	Retained earnings	Translation reserve			
	\$	\$	\$	\$	\$	\$
<b>At 1 January 2022</b>	30,772,788	17,935,859	(388,404)	48,320,243	2,310,722	50,630,965
<b>Total comprehensive income for the period</b>						
Profit for the period	-	815,582	-	815,582	153,698	969,280
<b>Other comprehensive income</b>						
Foreign currency translation differences - foreign operations, net of tax	-	-	(119,331)	(119,331)	(67,247)	(186,578)
<b>Total other comprehensive income</b>	-	-	(119,331)	(119,331)	(67,247)	(186,578)
<b>Total comprehensive income for the period</b>	-	815,582	(119,331)	696,251	86,451	782,702
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<i>Distributions to owners</i>						
Dividends paid	-	(340,579)	-	(340,579)	-	(340,579)
<b>Total transactions with owners of the Company</b>	-	(340,579)	-	(340,579)	-	(340,579)
<b>At 30 June 2022</b>	30,772,788	18,410,862	(507,735)	48,675,915	2,397,173	51,073,088



**QIAN HU CORPORATION LIMITED**  
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**STATEMENTS OF CHANGES IN EQUITY (cont'd)**

Group	Attributable to owners of the Company				Non-Controlling interests	Total equity
	Share capital	Retained earnings	Translation reserve	Total		
	\$	\$	\$	\$	\$	\$
<b>At 1 January 2021</b>	30,772,788	16,443,064	140,639	47,356,491	2,378,594	49,735,085
<b>Total comprehensive income for the period</b>						
Profit for the period	-	856,500	-	856,500	133,875	990,375
<b>Other comprehensive income</b>						
Foreign currency translation differences - foreign operations, net of tax	-	-	(322,167)	(322,167)	(111,751)	(433,918)
<b>Total other comprehensive income</b>	-	-	(322,167)	(322,167)	(111,751)	(433,918)
<b>Total comprehensive income for the period</b>	-	856,500	(322,167)	534,333	22,124	556,457
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<i>Distributions to owners</i>						
Dividends paid	-	(227,052)	-	(227,052)	-	(227,052)
<b>Total transactions with owners of the Company</b>	-	(227,052)	-	(227,052)	-	(227,052)
<b>At 30 June 2021</b>	30,772,788	17,072,512	(181,528)	47,663,772	2,400,718	50,064,490



**QIAN HU CORPORATION LIMITED**

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

Company	Share capital \$	Retained earnings \$	Translation reserve \$	Total equity \$
<b>At 1 January 2022</b>	30,772,788	8,011,388	(106,264)	38,677,912
<b>Total comprehensive income for the period</b>				
Profit for the period	-	1,500,135	-	1,500,135
<b>Other comprehensive income</b>				
Foreign currency translation differences - foreign operations, net of tax	-	-	41,053	41,053
<b>Total other comprehensive income</b>	-	-	41,053	41,053
<b>Total comprehensive income for the period</b>	-	1,500,135	41,053	1,541,188
<b>Transactions with owners of the Company, recognised directly in equity</b>				
<i>Distributions to owners</i>				
Dividends paid	-	(340,579)	-	(340,579)
<b>Total transactions with owners of the Company</b>	-	(340,579)	-	(340,579)
<b>At 30 June 2022</b>	30,772,788	9,170,944	(65,211)	39,878,521
<b>At 1 January 2021</b>	30,772,788	6,447,324	(13,949)	37,206,163
<b>Total comprehensive income for the period</b>				
Profit for the period	-	1,491,870	-	1,491,870
<b>Other comprehensive income</b>				
Foreign currency translation differences - foreign operations, net of tax	-	-	(51,286)	(51,286)
<b>Total other comprehensive income</b>	-	-	(51,286)	(51,286)
<b>Total comprehensive income for the period</b>	-	1,491,870	(51,286)	1,440,584
<b>Transactions with owners of the Company, recognised directly in equity</b>				
<i>Distributions to owners</i>				
Dividends paid	-	(227,052)	-	(227,052)
<b>Total transactions with owners of the Company</b>	-	(227,052)	-	(227,052)
<b>At 30 June 2021</b>	30,772,788	7,712,142	(65,235)	38,419,695





**QIAN HU CORPORATION LIMITED**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

	<b>Group</b>	
	<b>6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Profit before tax	1,084,885	1,104,206
Adjustments for:		
Amortisation of intangible assets	61,000	67,667
Bad trade receivables (recovered) written off	(15,601)	166,236
Impairment loss on trade receivables	188,052	214,040
Allowance for inventory obsolescence	120,000	485,000
Depreciation of		
- property, plant and equipment	1,481,258	1,663,384
- brooder stocks	92,790	92,762
Property, plant and equipment written off	1,396	147
Gain on disposal of property, plant and equipment	(4,594)	(18,131)
Net change in fair value - Financial asset at FVTPL	(25,000)	-
Gain on derecognition of right-of-use assets and lease liabilities	-	(11,080)
Finance costs	126,439	134,709
Finance income	(16,377)	(13,752)
	3,094,248	3,885,188
Changes in working capital:		
Inventories	16,006	(831,288)
Breeder stocks	-	193,950
Trade and other receivables	(1,117,706)	1,231,782
Trade and other payables	(154,795)	18,536
Cash generated from operations	1,837,753	4,498,168
Tax paid	(237,482)	(172,350)
<b>Net cash from operating activities</b>	1,600,271	4,325,818
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(526,298)	(563,470)
Interest received	16,377	13,752
Proceeds from disposal of property, plant and equipment	4,919	18,131
Acquisition of fair value through profit or loss ("FVTPL") investment	(1,000,000)	-
<b>Net cash used in investing activities</b>	(1,505,002)	(531,587)



**QIAN HU CORPORATION LIMITED**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022 (cont'd)**

	<b>Group</b>	
	<b>6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	(340,579)	(227,052)
Interest paid	(122,348)	(133,997)
Repayment of lease liabilities	(730,845)	(798,326)
<b>Net cash used in financing activities</b>	<b>(1,193,772)</b>	<b>(1,159,375)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,098,503)</b>	<b>2,634,856</b>
Cash and cash equivalents at beginning of period	21,671,287	19,097,923
Effect of exchange rate fluctuations on cash held	(161,139)	(162,037)
<b>Cash and cash equivalents at end of period (Note i)</b>	<b>20,411,645</b>	<b>21,570,742</b>

(i) Cash and cash equivalents comprised:

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	\$	\$
Short-term deposits	1,438,416	1,446,935
Cash and bank balances	18,973,229	20,123,807
	<b>20,411,645</b>	<b>21,570,742</b>



## **QIAN HU CORPORATION LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. : 199806124N)

### **SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS**

#### **1. Corporate information**

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

These condensed interim financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group and the Company are those relating to import, export, farming, breeding and distribution of ornamental/edible fishes and aquarium and pet accessories, as well as the manufacturing and distribution of aquarium accessories and plastic bags (see Notes 12 and 21).

#### **2. Basis of preparation**

##### **2.1 Statement of compliance**

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last annual financial statements for the year ended 31 December 2021.

Other than the adoption of the amended standards as set out in Note 2.5, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2021, which were in accordance with SFRS(I)s.

##### **2.2 Basis of measurement**

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

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

##### **2.3 Functional and presentation currencies**

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

##### **2.4 Uses of estimates and judgements**

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



## QIAN HU CORPORATION LIMITED

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

#### **2.4 Uses of estimates and judgements (cont'd)**

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

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

- Notes 4 and 5 – impairment test of biological assets and intangible assets: key assumptions on underlying recoverable amounts
- Note 8 – measurement of expected credit loss (ECL) allowance for trade and other receivables: key assumptions in determining the weighted-average loss rate

#### ***Measurement of fair values***

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team led by the Finance Director that has overall responsibility for all significant fair value measurements, including Level 3 fair values.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (see Note 22).

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

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



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

#### **2.5 Changes in accounting policies**

##### **New standards and amendments adopted by the Group**

During the current financial year, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2022:

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

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2022. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

#### **3 Property, plant and equipment**

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of \$2,412,975 (30/6/2021: \$632,540), of which \$37,030 (30/6/2021: Nil) were acquired under finance leases and \$1,849,647 (30/6/2021: \$69,070) relates to right-of-use assets. Cash payments of \$526,298 (30/6/2021: \$563,470) were made to purchase property, plant and equipment.

#### **4 Biological assets**

	<b>Group and Company</b>	
	<b>As at 30 Jun 2022</b>	<b>As at 31 Dec 2021</b>
<b>Brooder stocks</b>		
	<b>\$</b>	<b>\$</b>
<b>Cost</b>		
At 1 January and 30 June/31 December	12,015,000	12,015,000
<b>Accumulated depreciation and impairment loss</b>		
At 1 January	4,160,415	3,974,888
Depreciation charge for the year	92,790	185,527
At 30 June/31 December	<u>4,253,205</u>	<u>4,160,415</u>
<b>Net carrying amount</b>		
At 30 June/31 December	<u>7,761,795</u>	<u>7,854,585</u>

Brooder stocks are parent stocks of dragon fish, held by the Group and the Company for use in the breeding of dragon fish. Due to the uniqueness of each dragon fish and as an active market does not exist for the brooder stocks, the brooder stocks are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The depreciation method, useful lives and residual values are reviewed at each reporting date.



## QIAN HU CORPORATION LIMITED

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

#### **4 Biological assets (cont'd)**

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

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

The recoverable amount of the biological assets is based on value-in-use (VIU) and is determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment loss was required for the carrying amount of biological assets as at 30 June 2022.

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

#### *Discount rate*

The discount rates used are pre-tax based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

#### *Production yield*

Management estimates the production yield based on the actual breeder production for the past 12 months adjusted for the expected production yield.

#### *Budgeted revenue growth*

The anticipated annual revenue growth included in the cash flow projections was based on past performance and its expectation for market development.

#### **5 Intangible assets**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Jun 2022</b>	<b>As at 31 Dec 2021</b>	<b>As at 30 Jun 2022</b>	<b>As at 31 Dec 2021</b>
	\$	\$	\$	\$
Trademarks/customer acquisition costs/formulation rights	3,797,806	3,797,806	3,717,806	3,717,806
Goodwill on consolidation	4,046,430	4,046,430	-	-
	7,844,236	7,844,236	3,717,806	3,717,806
Less Accumulated amortisation	(999,784)	(938,784)	(919,784)	(858,784)
	6,844,452	6,905,452	2,798,022	2,859,022



## QIAN HU CORPORATION LIMITED

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

#### **5 Intangible assets (cont'd)**

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

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

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

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

The recoverable amount of the costs paid in relation to the acquisition and registration of trademarks and brands of pet food is based on the VIU and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment is required for the carrying amount of trademarks/customer acquisition costs as at 30 June 2022 and 31 December 2021 as the recoverable amount was in excess of the carrying amount.

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

##### *Discount rate*

The discount rates used are pre-tax based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

##### *Terminal value growth rate*

Management includes five years of cash flows based on financial budgets approved by the directors in their discounted cash flow models. A long-term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for Singapore in which the division is based and the long-term compound annual growth rate in earnings before interest, taxation, depreciation and amortisation (EBITDA) estimated by management.

##### *Budgeted revenue growth*

The anticipated annual revenue growth included in the cash flow projections was based on past performance and its expectation for market development.



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

#### **5 Intangible assets (cont'd)**

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

The goodwill is attributable mainly to the synergies expected to be achieved from integrating GZQH into the Group's existing accessories business. The recoverable amount of this CGU is based on its VIU and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment loss was required for the carrying amount of goodwill as at 30 June 2022 and 31 December 2021 as the recoverable amount was in excess of the carrying amount.

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

##### *Discount rate*

The discount rates used are pre-tax based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific business activities.

##### *Terminal growth rate*

A long-term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for People's Republic of China in which GZQH operates and the long-term compound annual growth rate in EBITDA estimated by management.

##### *Net profit margin*

The net profit margin is determined by comparing against the Group's historical performance in similar business segment, future business plans and consideration of other external and internal factors.

#### **6 Fair value through profit or loss ("FVTPL") investment**

	<b>Group and Company</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	\$	\$
<b>Non-listed debt instrument - convertible loan</b>		
At 1 January	-	-
Additions	1,000,000	-
Net change in fair value	25,000	-
At 30 June/31 December	<u>1,025,000</u>	<u>-</u>

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 shall mature on 30 June 2023.





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**7 Inventories**

	Group		Company	
	As at 30 Jun 2022 \$	As at 31 Dec 2021 \$	As at 30 Jun 2022 \$	As at 31 Dec 2021 \$
Fish	1,628,492	1,585,341	784,044	759,622
Accessories	13,067,577	13,376,392	3,617,112	3,632,237
Plastics products - raw materials	475,067	300,555	-	-
Plastics products - finished goods	787,960	717,873	-	-
	<u>15,959,096</u>	<u>15,980,161</u>	<u>4,401,156</u>	<u>4,391,859</u>

**8 Trade and other receivables**

	Group		Company	
	As at 30 Jun 2022 \$	As at 31 Dec 2021 \$	As at 30 Jun 2022 \$	As at 31 Dec 2021 \$
Trade receivables	13,822,308	12,411,248	8,217,945	6,891,279
Loss allowance	(1,725,560)	(1,544,408)	(1,064,000)	(884,000)
Net receivables	12,096,748	10,866,840	7,153,945	6,007,279
Deposits	525,310	540,686	76,610	71,060
Tax recoverable	94,117	73,767	-	-
Other receivables	554,581	349,332	359,105	160,058
Amount due from subsidiaries:				
- trade	-	-	13,739,387	14,057,281
- non-trade	-	-	2,989,235	3,011,020
Amortised cost	13,270,756	11,830,625	24,318,282	23,306,698
Prepayments	776,289	402,624	80,097	58,326
Advances to suppliers	405,315	1,380,139	169,651	889,593
	<u>14,452,360</u>	<u>13,613,388</u>	<u>24,568,030</u>	<u>24,254,617</u>
Non-current	-	-	5,985,713	5,985,713
Current	14,452,360	13,613,388	18,582,317	18,268,904
	<u>14,452,360</u>	<u>13,613,388</u>	<u>24,568,030</u>	<u>24,254,617</u>

Included in the amount due from subsidiaries is an amount due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”) of approximately \$9.1 million as at 30 June 2022 (31/12/2021: \$9.2 million). Based on a repayment arrangement made with GZQH, \$3.2 million of the outstanding amount as at 31 December 2021 is due on 31 December 2022 and the remaining amount of approximately \$6.0 million is neither planned and is not expected to be repaid within the next 12 months.



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

**8 Trade and other receivables (cont'd)**

*Expected credit loss (ECL) assessment*

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

The allowance matrix is based on actual credit loss experience over the past 3 years (31/12/2021: 3 years). The ECL computed is solely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

**9 Share capital**

	Number of shares	\$
<b>Fully paid ordinary shares with no par value:</b>		
At 1 January 2022 and 30 June 2022	113,526,467	30,772,788

There was no movement in the issued and paid-up capital of the Company since 31 December 2021.

There were no outstanding convertibles as at 30 June 2022 (30/6/2021: Nil).

The Company did not hold any treasury shares as at 30 June 2022 (30/6/2021: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2022.

**10 Loans and borrowings**

	Group		Company	
	As at 30 Jun 2022	As at 31 Dec 2021	As at 30 Jun 2022	As at 31 Dec 2021
	\$	\$	\$	\$
<b>Non-current liabilities</b>				
Lease liabilities	1,313,428	401,953	172,228	80,596
<b>Current liabilities</b>				
Short-term loans (unsecured)	12,000,000	12,000,000	12,000,000	12,000,000
Bills payable to banks (unsecured)	155,224	52,266	-	-
Lease liabilities	1,222,871	995,223	86,302	55,789
	<u>13,378,095</u>	<u>13,047,489</u>	<u>12,086,302</u>	<u>12,055,789</u>
Total borrowings	<u>14,691,523</u>	<u>13,449,442</u>	<u>12,258,530</u>	<u>12,136,385</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 2.49% to 2.76% (31/12/2021: 1.23% to 1.52%) per annum and are repayable within the next 12 months from the reporting date.



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

**10 Loans and borrowings (cont'd)**

The weighted average effective interest rate relating to bills payable to banks of the Group is 3.47% (31/12/2021: 3.41%) per annum. These bills mature within one to three months from the reporting date.

As at 30 June 2022, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.7 million (31/12/2021: \$1.7 million).

**11 Trade and other payables**

	Group		Company	
	As at 30 Jun 2022 \$	As at 31 Dec 2021 \$	As at 30 Jun 2022 \$	As at 31 Dec 2021 \$
Trade payables	3,799,257	3,369,730	1,510,199	1,642,921
Accrued operating expenses	641,682	986,876	481,950	757,823
Accrued interest payable	10,625	6,534	10,625	6,534
Other payables	2,288,141	2,731,418	1,816,932	2,226,840
Accrued staff costs	2,630,392	2,576,382	2,116,582	2,147,501
Advance received from customers	497,224	503,383	210,582	154,987
Amounts due to subsidiaries:				
- trade	-	-	703,382	509,130
- non-trade	-	-	1,135,204	1,415,204
	<u>9,867,321</u>	<u>10,174,323</u>	<u>7,985,456</u>	<u>8,860,940</u>

**12 Revenue**

	Group	
	6 months ended 30 Jun 2022 \$	6 months ended 30 Jun 2021 \$
Sales of goods		
- Fish	14,466,791	15,386,359
- Accessories	19,807,331	20,532,235
- Plastics	3,832,447	3,795,812
	<u>38,106,569</u>	<u>39,714,406</u>



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**12 Revenue (cont'd)**

*(i) Disaggregation of revenue*

The following table set out the Group's revenue disaggregated by primary geographical markets and major products. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 21).

Group	Fish		Accessories		Plastics		Total	
	6 months ended 30 Jun		6 months ended 30 Jun		6 months ended 30 Jun		6 months ended 30 Jun	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Primary geographical markets</b>								
Singapore	3,107,813	2,854,047	5,766,621	5,513,906	3,727,692	3,461,247	12,602,126	11,829,200
Other Asian countries	6,213,595	6,786,569	11,156,831	11,528,112	73,573	81,509	17,443,999	18,396,190
Europe	2,345,804	2,925,458	344,761	559,840	31,182	103,895	2,721,747	3,589,193
Others	2,799,579	2,820,285	2,539,118	2,930,377	-	149,161	5,338,697	5,899,823
	14,466,791	15,386,359	19,807,331	20,532,235	3,832,447	3,795,812	38,106,569	39,714,406

*(ii) Seasonality of operations*

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

**13 Other income**

	Group	
	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021
	\$	\$
Gain on disposal of property, plant and equipment	4,594	18,131
Gain on derecognition of right-of-use assets and lease liabilities	-	11,080
Net change in fair value - Financial asset at FVTPL	25,000	-
Handling income (net)	2,331,442	1,704,147
Sundry income	109,769	77,544
	2,470,805	1,810,902



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

**14 Net finance costs**

	<b>Group</b>	
	<b>6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
Interest income		
- bank deposits	16,377	13,752
Interest expense		
- bank loans and overdrafts	(96,895)	(89,038)
- bills payable to banks	(2,214)	(1,647)
- lease liabilities	(27,330)	(44,024)
	<u>(126,439)</u>	<u>(134,709)</u>
Net finance costs	<u>(110,062)</u>	<u>(120,957)</u>

**15 Profit before tax**

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

	<b>Group</b>	
	<b>6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
Allowance for inventory obsolescence	120,000	485,000
Auditors' remuneration		
- auditors of the Company	69,000	61,000
- other auditors	11,003	11,774
Non-audit fees		
- other auditors	7,127	8,810
Directors' fees		
- directors of the Company	40,000	40,000
Bad trade receivables (recovered) written off	(15,601)	166,236
Depreciation of		
- property, plant and equipment	1,481,258	1,663,384
- right-of-use assets	691,436	756,850
- brooder stocks	92,790	92,762
Amortisation of intangible assets	61,000	67,667
Exchange gain, net	(218,070)	(190,821)
Operating lease expenses	38,848	71,163
Property, plant and equipment written off	1,396	147
Staff costs		
- salaries and bonus*	7,191,007	6,513,641
- provident fund contributions*	457,810	438,060
- staff welfare benefits	549,003	537,513
- foreign worker levy	191,708	197,553

\* Include directors' remuneration.



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

**16 Tax expense**

	<b>Group</b>	
	<b>6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Current tax expense</b>		
Current year	115,598	113,831
Under provision in respect of prior year	7	-
	<u>115,605</u>	<u>113,831</u>

**17 Earnings per share**

	<b>Group</b>	
	<b>6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
Profit attributable to owners of the Company (\$)	<u>815,582</u>	<u>856,500</u>
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	<u>113,526,467</u>	<u>113,526,467</u>
Basic earnings per share (cents)	<u>0.72</u>	<u>0.75</u>

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

The Group has no dilution in its per share as at 30 June 2022 and 30 June 2021.

**18 Net asset value per share**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	<u>42.88</u>	<u>42.56</u>	<u>35.13</u>	<u>34.07</u>

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



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

#### **19 Dividends**

No interim dividend for the half year ended 30 June 2022 (30/6/2021: Nil) is recommended as the Group intends to conserve cash. It is the Group's practice to recommend dividend payment annually together with its audited full-year results.

#### **20 Interested person transactions**

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

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered by the Group during the half year ended 30 June 2022.

#### **21 Operating segments**

##### **(a) Business segments**

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

The Group's activities comprise the following reportable segments:

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



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

**21 Operating segments (cont'd)**

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

Group	6 months ended 30 Jun 2022				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
<b>Revenue</b>					
External revenue	14,467	19,807	3,833	-	38,107
Inter-segment revenue	1,199	3,970	100	(5,269)	-
<b>Total Revenue</b>	<b>15,666</b>	<b>23,777</b>	<b>3,933</b>	<b>(5,269)</b>	<b>38,107</b>
<b>Results</b>					
EBITDA *	2,309	1,337	536	(1,352)	2,830
Depreciation and amortisation	(619)	(735)	(281)	-	(1,635)
Interest expense	(1)	(21)	(7)	(97)	(126)
Interest income	2	1	-	13	16
Profit before tax	1,691	582	248	(1,436)	1,085
Tax expense	(115)	(1)	-	-	(116)
<b>Profit for the period</b>	<b>1,576</b>	<b>581</b>	<b>248</b>	<b>(1,436)</b>	<b>969</b>
<b>Net profit margin</b>	<b>10.9%</b>	<b>2.9%</b>	<b>6.5%</b>		<b>2.5%</b>
<b>Assets and Liabilities</b>					
Segment assets	34,505	33,267	5,212	3,082	76,066
Segment liabilities	5,710	5,287	1,632	12,364	24,993
<b>Other Segment Information</b>					
Expenditures for non-current assets **	218	212	112	21	563
Other non-cash items:					
Bad trade receivables recovered	(16)	-	-	-	(16)
(Gain) Loss on disposal of property, plant and equipment	-	(5)	***	-	(5)
Property, plant and equipment written off	1	-	-	-	1
Impairment loss on trade receivables	188	***	-	-	188
Allowance for inventory obsolescence	-	120	-	-	120

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

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

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





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

#### 21 Operating segments (cont'd)

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

Group	6 months ended 30 Jun 2021				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
<b>Revenue</b>					
External revenue	15,386	20,532	3,796	-	39,714
Inter-segment revenue	832	4,662	84	(5,578)	-
<b>Total Revenue</b>	<b>16,218</b>	<b>25,194</b>	<b>3,880</b>	<b>(5,578)</b>	<b>39,714</b>
<b>Results</b>					
EBITDA *	2,006	1,678	758	(1,393)	3,049
Depreciation and amortisation	(680)	(846)	(298)	-	(1,824)
Interest expense	(4)	(29)	(13)	(89)	(135)
Interest income	2	1	-	11	14
Profit before tax	1,324	804	447	(1,471)	1,104
Tax expense	(95)	(19)	-	-	(114)
<b>Profit for the period</b>	<b>1,229</b>	<b>785</b>	<b>447</b>	<b>(1,471)</b>	<b>990</b>
<b>Net profit margin</b>	<b>8.0%</b>	<b>3.8%</b>	<b>11.8%</b>		<b>2.5%</b>
<b>Assets and Liabilities</b>					
Segment assets	34,627	34,861	5,966	1,857	77,311
Segment liabilities	5,848	5,001	2,085	14,312	27,246
<b>Other Segment Information</b>					
Expenditures for non-current assets **	306	249	8	-	563
Other non-cash items:					
Bad trade receivables written off	41	125	-	-	166
Gain on disposal of property, plant and equipment	(9)	(9)	-	-	(18)
Gain on derecognition of right-of-use assets and lease liabilities	(6)	(5)	-	-	(11)
Property, plant and equipment written off	-	***	-	-	***
Impairment loss on trade receivables	8	206	-	-	214
Allowance for inventory obsolescence	-	485	-	-	485

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

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

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



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

**21 Operating segments (cont'd)**

**(b) Geographical segments**

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

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

Group	Revenue		Segment non-current assets		Segment assets	
	6 months ended 30 Jun		6 months ended 30 Jun		6 months ended 30 Jun	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	12,602	11,829	19,024	19,350	48,752	49,379
Other Asian countries	17,444	18,396	5,010	4,801	27,314	27,932
Europe	2,722	3,589	-	-	-	-
Others	5,339	5,900	-	-	-	-
<b>Total</b>	<b>38,107</b>	<b>39,714</b>	<b>24,034</b>	<b>24,151</b>	<b>76,066</b>	<b>77,311</b>

**(c) Major customers**

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



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

**22 Fair value management**

**(i) Accounting classification and fair values**

The carrying amounts of financial assets and financial liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>Mandatorily at FVTPL</b>	<b>Amortised cost</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>
	\$	\$	\$	\$
<b>Group</b>				
<b>30 Jun 2022</b>				
<b>Financial assets measured at fair value</b>				
Fair value through profit or loss ("FVTPL") investment	1,025,000	-	-	1,025,000
<b>Financial assets not measured at fair value</b>				
Trade and other receivables#	-	13,270,756	-	13,270,756
Cash and cash equivalents	-	20,411,645	-	20,411,645
	-	33,682,401	-	33,682,401
<b>Financial liabilities not measured at fair value</b>				
Lease liabilities	-	-	(2,536,299)	(2,536,299)
Bank term loans	-	-	(12,000,000)	(12,000,000)
Bills payable to banks	-	-	(155,224)	(155,224)
Trade and other payables*	-	-	(9,370,097)	(9,370,097)
	-	-	(24,061,620)	(24,061,620)
<b>31 Dec 2021</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables#	-	11,830,625	-	11,830,625
Cash and cash equivalents	-	21,671,287	-	21,671,287
	-	33,501,912	-	33,501,912
<b>Financial liabilities not measured at fair value</b>				
Lease liabilities	-	-	(1,397,176)	(1,397,176)
Bank term loans	-	-	(12,000,000)	(12,000,000)
Bills payable to banks	-	-	(52,266)	(52,266)
Trade and other payables*	-	-	(9,670,940)	(9,670,940)
	-	-	(23,120,382)	(23,120,382)

# Excludes prepayments and advances to suppliers.

\* Excludes advance received from customers.



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

**22 Fair value management (cont'd)**

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

	Mandatorily at FVTPL	Amortised cost	Other financial liabilities	Total carrying amount
	\$	\$	\$	\$
<b>Company</b>				
<b>30 Jun 2022</b>				
<b>Financial assets measured at fair value</b>				
Fair value through profit or loss				
("FVTPL") investment	1,025,000	-	-	1,025,000
<b>Financial assets not measured at fair value</b>				
Trade and other receivables#	-	24,318,282	-	24,318,282
Cash and cash equivalents	-	11,782,269	-	11,782,269
	-	36,100,551	-	36,100,551
<b>Financial liabilities not measured at fair value</b>				
Lease liabilities	-	-	(258,530)	(258,530)
Bank term loans	-	-	(12,000,000)	(12,000,000)
Trade and other payables*	-	-	(7,774,874)	(7,774,874)
	-	-	(20,033,404)	(20,033,404)
<b>31 Dec 2021</b>				
<b>Financial assets not measured at fair value</b>				
Trade and other receivables#	-	23,306,698	-	23,306,698
Cash and cash equivalents	-	12,568,403	-	12,568,403
	-	35,875,101	-	35,875,101
<b>Financial liabilities not measured at fair value</b>				
Lease liabilities	-	-	(136,385)	(136,385)
Bank term loans	-	-	(12,000,000)	(12,000,000)
Trade and other payables*	-	-	(8,705,953)	(8,705,953)
	-	-	(20,842,338)	(20,842,338)

# Excludes prepayments and advances to suppliers

\* Excludes advance received from customers



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

#### **22 Fair value management (cont'd)**

##### **(ii) Measurement of fair values**

The Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

##### *Fair value through profit or loss ("FVTPL") investment*

The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity that are traded in active markets, adjusted by an illiquidity factor.

##### *Interest-bearing bank loans*

The carrying value of interest-bearing bank loans that reprice within six months of the reporting date is assumed to approximate their fair values.

##### *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, bills payable to banks and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

##### *Biological assets - breeder stocks*

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



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

**22 Fair value management (cont'd)**

**(iii) Measurement of fair values**

**Fair value hierarchy**

The table below analyses the fair value measurements for recurring financial assets and non-financial assets and the level in the fair value hierarchy based on the inputs used in the valuation techniques. The different levels have been defined as follows:

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Group and Company</b>				
<b>30 Jun 2022</b>				
Fair value through profit or loss ("FVTPL") investments	–	1,025,000	–	1,025,000
Breeder stocks	–	–	183,240	183,240
<hr/>				
<b>31 Dec 2021</b>				
Breeder stocks	–	–	183,240	183,240
<hr/>				

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

**23 Commitment**

During 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 \$1.38 million).

As at 30 June 2022, the Company has not made any capital contribution into this subsidiary.



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

**24 Subsequent events**

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

**OTHER INFORMATION**

**REVIEW**

The statements of financial position as at 30 June 2022 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the half year period then ended and the selected explanatory notes (the “Condensed Interim Financial Statements”) have not been audited or reviewed by the Company’s auditors.

**REVIEW OF GROUP PERFORMANCE**

**Consolidated Statement of Profit or Loss**

(a) **Revenue by business segment**

**6 months ended 30 June 2022 vs 6 months ended 30 June 2021**

	<b>Group</b>		<b>Increase</b>	
	<b>6 months ended 30 Jun 2022</b>	<b>2021</b>	<b>(Decrease)</b>	
	\$'000	\$'000	\$'000	%
Fish	14,467	15,386	(919)	(6.0)
Accessories	19,807	20,532	(725)	(3.5)
Plastics	3,833	3,796	37	1.0
	<b>38,107</b>	<b>39,714</b>	<b>(1,607)</b>	<b>(4.0)</b>

In the 1<sup>st</sup> half of 2022, our fish and accessories activities continued to be the core business segments, which together accounted for 89.9% of the total revenue. The overall revenue registered in the 1<sup>st</sup> half of 2022 of \$38.1 million was approximately \$1.6 million or 4.0% lower than its corresponding period in 2021. The reduction in revenue contribution from both the fish and accessories segments have resulted in a decrease in the overall revenue.

On a geographical basis, revenue from Singapore grew by 6.5%, while revenue from overseas dipped by 8.5% in the 1<sup>st</sup> half of 2022 as compared to its corresponding period in 2021.



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### OTHER INFORMATION (cont'd)

#### REVIEW OF GROUP PERFORMANCE (cont'd)

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

###### Fish

During the 1<sup>st</sup> half of 2022, our aquaculture business, revolved around our farms in the Hainan Province in China, was impacted by the massive lockdown in China since January 2022 in order to suppress the escalation of its Covid-19 pandemic situation, which has dampened domestic demand and has resulted in depressed fish fry prices, notwithstanding that it was mitigated by the improved in revenue contribution from outside China (such as in Singapore and Malaysia) following the ease of Covid-19 restrictions in the region. In addition, the extensive reduction in air cargo capacity and flight frequencies amidst the pandemic has severely hindered our export business activities from China.

On the ornamental fish front, the extraordinary set of co-ordinated economic sanctions imposed against Russia in response to the political crisis in Ukraine has also affected our fish exports to the country and dampened the purchase sentiments of our customers in the surrounding region to a certain extent.

Although the above had drove down the revenue contribution from our fish segment by \$0.9 million or 6.0% in the current financial period as compared to its corresponding period in 2021, 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.

###### Accessories

Similarly for the accessories segment, our business activities in China were affected by the pandemic lockdown imposed by the local government to help limit the spread of Covid-19 infections, coupled with the weakened and conservative purchasing sentiments globally due to trade disruptions, geo-political tensions and economic uncertainties, had resulted in the dip in our accessories revenue by approximately \$0.7 million or 3.5% in the current financial period as compared to its corresponding period in 2021.

###### Plastics

Revenue from our plastics activities registered flat growth in the current quarter as compared its corresponding period in 2021. We managed to stabilise our customer base, focusing on generating revenue through selling products with sustainable margins, such as essential items used to enhance hygiene protocols for the food and beverage packing and healthcare sectors.

- (b) **Other income** mainly consists of handling income derived from the handling of transshipments in relation to our aquaculture business. The increase in handling income was in tandem with the increase in aquaculture business activities during the current financial period.
- (c) The increase in **selling and distribution expenses** by approximately \$0.1 million or 9.4% in the 1<sup>st</sup> half of 2022 as compared to its corresponding period in 2021 was in tandem with more marketing and promotion activities undertaken by the Group following the full resumption of business activities around the globe, coupled with the rising business costs during the current financial period.





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### OTHER INFORMATION (cont'd)

#### REVIEW OF GROUP PERFORMANCE (cont'd)

- (d) Notwithstanding the higher personnel expenses as a result of the increase in headcount and annual salary revision, coupled with the broad-spectrum increase in operating costs as a result of elevated inflationary pressure, the overall **general and administrative expenses** for the six months ended 30 June 2022 remained stable at approximately \$12.2 million as compared to its corresponding period in 2021 as the increases were offset by lower allowance for inventory obsolescence and depreciation charge during the current financial period.
- (e) The **impairment losses on trade receivables** were derived at by ascertaining the amount of expected credit losses that would result from all possible default events over the expected life of these receivables during both periods, which was in compliance with SFRS(I) 9 *Financial Instruments*.
- (f) The marginal decrease in **net finance costs** by \$11K or 9.0% for the six months ended 30 June 2022 as compared to the corresponding period in 2021 was mainly due to lower interest expenses on lease liabilities. The reduction was partially offset by the increase in interest expenses on bank borrowings, following the rising interest rates charged by the financial institutions, despite lower outstanding amounts during the current financial period.
- (g) The effective tax rate registered for the 1<sup>st</sup> half ended 30 June 2022 was lower than the amount obtained by applying the statutory tax rate of 17% on profit before tax mainly due to the utilisation of tax credits.

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



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**OTHER INFORMATION (cont'd)**

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

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

**6 months ended 30 June 2022 vs 6 months ended 30 June 2021**

	<b>Group</b>		<b>Increase</b>	
	<b>6 months ended 30 Jun</b>		<b>(Decrease)</b>	
	<b>2022</b>	<b>2021</b>	<b>\$'000</b>	<b>%</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Fish	1,691	1,324	367	27.7
Accessories	582	804	(222)	(27.6)
Plastics	248	447	(199)	(44.5)
Unallocated corporate expenses	(1,436)	(1,471)	35	2.4
	<u>1,085</u>	<u>1,104</u>	<u>(19)</u>	<u>(1.7)</u>

The reduction in operating profit from our accessories and plastic activities were mitigated by the considerable improvement in profit generated from our fish and aquaculture activities during the 1<sup>st</sup> half of 2022 as compared to its corresponding period in 2021.

**Fish**

Despite the slide in revenue registered by the fish business, the noticeable higher handling fees derived from the handling of transshipments in relation to our aquaculture business, has lifted the profitability of this segment in the 1<sup>st</sup> half of 2022 as compared to its corresponding period in 2021.

**Accessories**

The decrease in operating profit from our accessories business by approximately \$0.2 million or 27.6% in the 1<sup>st</sup> half of 2022 as compared to its corresponding period in 2021 was in line with the reduction in revenue contribution during the current financial period.

**Plastics**

The profitability of our plastic activities dipped by approximately \$0.2 million or 44.5% in the 1<sup>st</sup> half of 2022 as compared to its corresponding period in 2021 mainly due to the relatively higher raw material prices and a gradual increase in overall operational costs.

**Unallocated corporate expenses**

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



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### OTHER INFORMATION (cont'd)

#### REVIEW OF GROUP PERFORMANCE (cont'd)

##### Consolidated Statement of Financial Position

**Total assets (Group)** as at 30 June 2022 were \$76.1 million, increased by approximately \$1.3 million from \$74.8 million as at 31 December 2021.

The increase was due to –

- increase in property, plant and equipment by \$0.8 million as a result of capital expenditure incurred in relation to the purchase of equipment and ongoing enhancements made to the farm and other facilities in Singapore and overseas, as well as the recognition of additional right-of-use (ROU) assets in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) 16 *Leases*, despite there was depreciation charge during the financial period.
- increase in trade and other receivables outstanding by \$0.8 million due to the increase in trade receivables as a result of more sales registered in the month of June typically as compared to December which sales were generally affected by the year end festive holidays, mitigated by the reduction in advance payment to suppliers following the receipt of inventory purchased during the current financial period. The trade receivables turnover days have remained relative consistent for both reporting periods.
- unsecured convertible loan amounted to \$1.0 million granted to AquaEasy Pte Ltd in January 2022.

The above increases were partially offset by the decrease in cash and cash equivalents of \$1.3 million.

**Total liabilities (Group)** as at 30 June 2022 were \$25.0 million, increased by approximately \$0.8 million from \$24.2 million as at 31 December 2021.

The increase was mainly due to an increase in loans and borrowings by approximately \$1.2 million with the increase in lease liabilities resulting from the recognition of additional ROU assets during the current financial period, despite there were repayments made on lease liabilities on a monthly basis.

The above increase was offset by –

- reduction in trade and other payables by approximately \$0.3 million upon the settlement of accrued operating expenses during the current financial period.
- decrease in current tax payable by approximately \$0.1 million upon the settlement of tax liabilities in the 1<sup>st</sup> half of 2022.



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**OTHER INFORMATION (cont'd)**

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

**Consolidated Statement of Cash Flows**

The reduction in **net cash from operating activities** for the six months ended 30 June 2022 as compared to its corresponding period in 2021 was mainly due to marginally lower operating profit registered, coupled with the increase in trade receivables balance which was in line with the higher credit sales generated during the current financial period.

**Net cash used in investing activities** was mainly related to capital expenditure incurred for the purchase of equipment, as well as ongoing enhancements made to the farm and other facilities in Singapore and overseas. In addition, there was an unsecured convertible loan granted to AquaEasy Pte Ltd in January 2022.

**Net cash used in financing activities** was for the settlement of lease liabilities, as well as the servicing of interest payments on a monthly basis. In addition, there was payment of dividend made to the shareholders of the Company in April 2022.

**VARIANCE FROM PROSPECT STATEMENT**

There is no variance from the previous prospect statement, included in the full year results announcement for the year ended 31 December 2021, released via the SGXNET on 12 January 2022.

**PROSPECTS**

Moving into 2<sup>nd</sup> half of 2022, our Group expects the overall business landscape to be challenging.

The on-going Russia-Ukraine conflict had caused trade interruptions and sanctions. Such uncertainties and business disruptions had resulted in the reduction in economic activities in Europe, which calls for the acceleration in the diversification of our supply chains towards greater resilience. Closer to home, China's zero-Covid policy and pandemic lockdowns had also led to significant supply chain and transportation network disruptions, and port congestions, which could dampen our business outlook. The inflationary pressure arising from these widespread disruptions had escalated the cost of doing business, such as higher inventory costs, rising finance costs, as well as the surge in energy costs, etc; which could affect our short-term profitability.

Despite all these extreme challenges, Qian Hu continues to preserve and focus on our core businesses which have remained resilient, a testament of our enduring strength and versatility, as our strong fundamentals help us to navigate through such turbulent times. Over the past two years, we had worked on strengthening our balance sheet, and we will continue to do so. Cautiously optimistic that we will be able to overcome the adverse external impacts to our business environment, we will persist on seizing opportunities for growth, developing new capabilities and becoming more competitive while remain focused on our core strengths and the long-term prospects of our business.

*(More information on the Group's plans were announced in detail in our Full Year Results Announcement dated 12 January 2022)*

Barring unforeseen circumstances, the Group expects to grow its revenue while achieving profitability in the 2<sup>nd</sup> half of 2022.



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**OTHER INFORMATION (cont'd)**

**CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS**

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

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

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the half year ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

**KENNY YAP KIM LEE**  
Executive Chairman

**YAP KOK CHENG**  
Chief Executive Officer

**BY ORDER OF THE BOARD**

Kenny Yap Kim Lee  
Executive Chairman  
19 July 2022