Interim Financial Information
For the Second Half and Financial Year Ended
31 December 2023

QIAN HU CORPORATION LIMITED

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

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

INTERIM FINANCIAL INFORMATION
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2023

STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31 Dec 2023 $	As at 31 Dec 2022 $	As at 31 Dec 2023 $	As at 31 Dec 2022 $
ASSETS					
Property, plant and equipment	3	8,602,010	8,264,984	3,036,543	3,724,655
Biological assets - brooder stocks	4	132,750	7,668,766	132,750	7,668,766
Intangible assets	5	6,664,872	6,783,452	2,615,022	2,737,022
Subsidiaries		-	-	3,524,387	3,524,387
Trade and other receivables	8	-	-	4,850,220	5,557,205
Non-current assets		15,399,632	22,717,202	14,158,922	23,212,035
Biological assets - breeder stocks	4	-	183,090	-	183,090
Financial asset at fair value through profit or loss ("FVTPL")	6	1,379,181	1,049,660	1,379,181	1,049,660
Inventories	7	12,239,635	15,258,387	4,716,185	4,963,213
Trade and other receivables	8	14,368,173	13,065,831	16,931,561	17,495,603
Cash and cash equivalents		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	9	30,772,788	30,772,788	30,772,788	30,772,788
Reserves		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	10	1,562,395	938,926	216,920	203,018
Deferred tax liabilities		47,936	54,444	-	-
Non-current liabilities		1,610,331	993,370	216,920	203,018
Loans and borrowings	10	6,387,150	9,863,628	5,125,682	9,130,953
Trade and other payables	11	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

Inventory turnover (days)	122	122	74	68
Trade receivables turnover (days)	63	59	67	60
Debt equity ratio (times)	0.41	0.40	0.43	0.46

QIAN HU CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 6 months ended 31 Dec 2023	Group 6 months ended 31 Dec 2022	Change	Group Financial year ended 31 Dec 2023	Group Financial year ended 31 Dec 2022	Change
		$	$	%	$	$	%
Revenue	12	35,969,199	37,158,459	(3.2)	70,313,787	75,265,028	(6.6)
Cost of sales		(24,191,090)	(25,077,637)	(3.5)	(46,748,038)	(50,821,786)	(8.0)
Gross profit		11,778,109	12,080,822	(2.5)	23,565,749	24,443,242	(3.6)
Other income	13	1,918,055	1,811,445	5.9	3,544,255	4,282,250	(17.2)
Other expenses	14	(7,391,199)	(4,132)	NM	(7,391,199)	(4,132)	NM
Selling & distribution expenses		(1,283,096)	(1,299,869)	(1.3)	(2,553,603)	(2,529,150)	1.0
General & administrative expenses		(13,891,165)	(11,667,061)	19.1	(25,669,560)	(23,888,006)	7.5
(Impairment loss) Reversal of impairment loss on trade receivables		(136,659)	96,628	(241.4)	(154,010)	(91,424)	68.5
Results from operating activities		(9,005,955)	1,017,833	NM	(8,658,368)	2,212,780	NM
Finance income		76,604	18,465	314.9	140,680	34,842	303.8
Finance costs		(225,739)	(225,298)	0.2	(451,051)	(351,737)	28.2
Net finance costs	15	(149,135)	(206,833)	(27.9)	(310,371)	(316,895)	(2.1)
(Loss) Profit before tax	16	(9,155,090)	811,000	NM	(8,968,739)	1,895,885	NM
Tax expense	17	(81,561)	(140,946)	(42.1)	(157,546)	(256,551)	(38.6)
(Loss) Profit for the period/year		(9,236,651)	670,054	NM	(9,126,285)	1,639,334	NM
(Loss) Profit attributable to:							
Owners of the Company		(9,306,602)	584,299	NM	(9,276,853)	1,399,881	NM
Non-controlling interests		69,951	85,755	(18.4)	150,568	239,453	(37.1)
(Loss) Profit for the period/year		(9,236,651)	670,054	NM	(9,126,285)	1,639,334	NM
(Loss) Earnings per share (cents)	18						
Basic		(8.20)	0.51		(8.17)	1.23	
Diluted		(8.20)	0.51		(8.17)	1.23	
Gross profit margin		32.7%	32.5%		33.5%	32.5%	
Net profit margin		(25.7%)	1.8%		(13.0%)	2.2%	
Effective tax rate					NM	12.8%	
Return on equity					(23.5%)	2.8%	

NM: Not meaningful

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group			Group		
	6 months ended 31 Dec			Financial year ended 31 Dec		
	2023	2022	Change	2023	2022	Change
	$	$	%	$	$	%
(Loss) Profit for the period/year	(9,236,651)	670,054	NM	(9,126,285)	1,639,334	NM
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations, net of tax	(37,431)	(27,555)	35.8	(167,461)	(214,133)	(21.8)
Foreign currency translation differences - liquidation of a subsidiary reclassified to profit or loss	-	(9,234)	(100.0)	-	(9,234)	(100.0)
Other comprehensive income for the period/year, net of tax	(37,431)	(36,789)	1.7	(167,461)	(223,367)	(25.0)
Total comprehensive income for the period/year	(9,274,082)	633,265	NM	(9,293,746)	1,415,967	NM
Total comprehensive income attributable to:						
Owners of the Company	(9,361,457)	579,089	NM	(9,421,085)	1,275,340	NM
Non-controlling interests	87,375	54,176	61.3	127,339	140,627	(9.4)
Total comprehensive income for the period/year	(9,274,082)	633,265	NM	(9,293,746)	1,415,967	NM

NM: Not meaningful

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital $	Retained earnings $	Translation reserve $	Total $	Non-Controlling interests $	Total equity $
	Attributable to owners of the Company					
At 1 January 2022	30,772,788	17,935,859	(388,404)	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	-	1,399,881	(124,541)	1,275,340	140,627	1,415,967
Transactions with owners of the Company, recognised directly in equity						
Distributions to owners						
Dividends paid	-	(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	18,995,161	(512,945)	49,255,004	2,295,749	51,550,753

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STATEMENTS OF CHANGES IN EQUITY (cont'd)

	Attributable to owners of the Company					
Group	**Share capital** $	**Retained earnings** $	**Translation reserve** $	**Total** $	**Non-Controlling interests** $	**Total equity** $
At 1 January 2023	30,772,788	18,995,161	(512,945)	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	-	(9,276,853)	(144,232)	(9,421,085)	127,339	(9,293,746)
Transactions with owners of the Company, recognised directly in equity						
Distributions to owners						
Dividends paid	-	(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	9,377,729	(657,177)	39,493,340	2,238,288	41,731,628

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STATEMENTS OF CHANGES IN EQUITY (cont'd)

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	-	(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	-	(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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022
	$	$	$	$
Cash flows from operating activities				
(Loss) Profit before tax	(9,155,090)	811,000	(8,968,739)	1,895,885
Adjustments for:				
Amortisation of intangible assets	61,782	61,000	123,316	122,000
Bad trade receivables written off	51,322	42,582	49,390	26,981
Impairment loss (Reversal of impairment loss) on trade receivables	136,659	(96,628)	154,010	91,424
Allowance for (Write back of allowance for) inventory obsolescence	1,567,783	(360,000)	1,517,783	(240,000)
Depreciation of				
- property, plant and equipment	1,364,232	1,409,367	2,747,322	2,890,625
- biological assets	59,848	88,897	144,817	181,687
Property, plant and equipment written off	364	70	364	1,466
Gain on disposal of property, plant and equipment	(51,864)	(47,178)	(44,254)	(51,772)
Loss on biological assets	7,391,199	4,132	7,391,199	4,132
Net change in fair value of financial asset at FVTPL	(304,521)	(24,660)	(329,521)	(49,660)
Gain on derecognition of right-of-use assets and lease liabilities	(12,703)	-	(12,703)	-
Finance costs	225,739	225,298	451,051	351,737
Finance income	(76,604)	(18,465)	(140,680)	(34,842)
	1,258,146	2,095,415	3,083,355	5,189,663
Changes in:				
Inventories	547,516	1,541,934	1,770,994	1,557,940
Breeder stocks	183,090	150	183,090	150
Trade and other receivables	848,199	1,217,034	(771,761)	99,328
Trade and other payables	550,415	(361,684)	(614,219)	(516,479)
Cash generated from operations	3,387,366	4,492,849	3,651,459	6,330,602
Tax paid	(86,988)	(54,427)	(296,012)	(291,909)
Net cash from operating activities	3,300,378	4,438,422	3,355,447	6,038,693
Cash flows from investing activities				
Acquisition of				
- property, plant and equipment	(333,921)	(494,374)	(692,016)	(1,020,672)
- intangible asset	-	-	(4,736)	-
Deposit for purchase of property, plant and equipment	(849,680)	-	(849,680)	-
Interest received	76,604	18,465	140,680	34,842
Proceeds from disposal of property, plant and equipment	109,960	52,420	109,960	57,339
Acquisition of financial asset at FVTPL	-	-	-	(1,000,000)
Net cash used in investing activities	(997,037)	(423,489)	(1,295,792)	(1,928,491)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	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)	(184,800)	(155,600)
Interest paid	(228,064)	(214,588)	(464,505)	(336,936)
Repayment of				
- lease liabilities	(702,547)	(672,943)	(1,337,293)	(1,403,788)
- bank term loans	(1,500,000)	(3,000,000)	(4,000,000)	(3,000,000)
Net cash used in financing activities	(2,615,411)	(4,043,131)	(6,327,177)	(5,236,903)
Net decrease in cash and cash equivalents	(312,070)	(28,198)	(4,267,522)	(1,126,701)
Cash and cash equivalents at beginning of period/year	15,946,342	20,411,645	20,116,838	21,671,287
Effect of exchange rate fluctuations on cash held	(88,051)	(266,609)	(303,095)	(427,748)
Cash and cash equivalents at end of period/year (Note i)	15,546,221	20,116,838	15,546,221	20,116,838

(i) Cash and cash equivalents comprised:

	Group	
	As at 31 Dec 2023	As at 31 Dec 2022
	$	$
Short-term deposits	426,764	4,074,312
Cash and bank balances	15,119,457	16,042,526
	15,546,221	20,116,838

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Corporate information

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

These condensed interim financial statements as at and for the financial year ended 31 December 2023 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 22).

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the financial year ended 31 December 2023 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 2022.

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 2022, 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.

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 note:

- 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 23).

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.

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 SFRS(I)s and amendments to SFRS(I)s which took effect from financial year beginning 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 adoption of the above SFRS(I)s and amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ended 31 December 2023. Accordingly, it has no material impact on the (loss) earnings per share of the Group and of the Company.

3 Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $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) relates to right-of-use assets. Cash payments of $692,016 (2022: $1,020,672) were made to purchase property, plant and equipment.

4 Biological assets

	Group and Company	
Brooder stocks	**As at 31 Dec 2023**	**As at 31 Dec 2022**
	$	$
Cost		
At 1 January	9,568,000	12,015,000
Additions during the year	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

4 Biological assets (cont'd)

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.

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.

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

Breeder stocks are off-springs of the brooder stocks, held for trading purposes. 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.

Following the disposal of a substantial portion of brooder stocks during the financial year, there was no breeder stock held as at 31 December 2023.

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

The recoverable amount of the biological assets is based on value-in-use (VIU) and is determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment loss was required for the carrying amount of biological assets as at 31 December 2023 and 31 December 2022 as the recoverable amount was in excess of the carrying amount.

4 Biological assets (cont'd)

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

	Group		Company	
	As at 31 Dec 2023	**As at 31 Dec 2022**	**As at 31 Dec 2023**	**As at 31 Dec 2022**
	$	$	$	$
Trademarks/customer acquisition costs/formulation rights	3,802,542	3,797,806	3,717,806	3,717,806
Goodwill on consolidation	4,046,430	4,046,430	-	-
	7,848,972	7,844,236	3,717,806	3,717,806
Less Accumulated amortisation	(1,184,100)	(1,060,784)	(1,102,784)	(980,784)
	6,664,872	6,783,452	2,615,022	2,737,022

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

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

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

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

The recoverable amount of the costs paid in relation to the acquisition and registration of trademarks and brands of pet food is based on the VIU and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment is required for the carrying amount of trademarks/customer acquisition costs as at 31 December 2023 and 31 December 2022 as the recoverable amount was in excess of the carrying amount.

5 Intangible assets (cont'd)

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

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.

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

The goodwill is attributable mainly to the synergies expected to be achieved from integrating GZQH into the Group's existing accessories business. The recoverable amount of this CGU is based on its VIU and are determined by discounting the future cash flows to be generated from the continuing use of the CGU. No impairment loss was required for the carrying amount of goodwill as at 31 December 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 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 Financial asset at fair value through profit or loss ("FVTPL")

	Group and Company	
	31 Dec 2023	31 Dec 2022
	$	$
Non-listed debt instrument - convertible loan		
At 1 January	1,049,660	-
Additions	-	1,000,000
Net change in fair value	329,521	49,660
At 31 December	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 matured 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. The valuation techniques used to derive at the fair value is the income approach, using the Probability Weighted Expected Return Method.

The currency profile of the financial asset at FVTPL as at the end of the reporting period is Singapore dollar.

7 Inventories

	Group		Company	
	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 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
Plastics products - raw materials	466,283	542,489	-	-
Plastics products - finished goods	748,947	774,147	-	-
	12,239,635	15,258,387	4,716,185	4,963,213

8 Trade and other receivables

	Group		Company	
	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 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	-	-	-
Amount 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

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 $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.

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 (2022: 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.

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

9 Share capital

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

There was no movement in the issued and paid-up capital of the Company since 31 December 2022.

There were no outstanding convertibles as at 31 December 2023 (2022: Nil).

The Company did not hold any treasury shares as at 31 December 2023 (2022: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 31 December 2023.

10 Loans and borrowings

	Group		Company	
	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 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 bank term loans are revolving bank loans 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 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.

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).

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

11 Trade and other payables

	Group		Company	
	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 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

12 Revenue

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022
	$	$	$	$
Sales of goods				
- Fish	13,470,081	14,670,250	27,646,128	29,137,041
- Accessories	18,384,430	18,331,618	34,650,097	38,138,949
- Plastics	4,114,688	4,156,591	8,017,562	7,989,038
	35,969,199	37,158,459	70,313,787	75,265,028

(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 22).

	Fish		Accessories		Plastics		Total	
	6 months ended 31 Dec		6 months ended 31 Dec		6 months ended 31 Dec		6 months ended 31 Dec	
Group	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$
Primary geographical markets								
Singapore	3,435,185	4,516,960	5,885,006	5,960,344	3,896,902	3,883,582	13,217,093	14,360,886
Other Asian countries	5,242,153	5,426,212	10,279,868	10,590,821	127,495	82,499	15,649,516	16,099,532
Europe	2,127,604	2,152,800	148,437	101,828	6,825	87,365	2,282,866	2,341,993
Others	2,665,139	2,574,278	2,071,119	1,678,625	83,466	103,145	4,819,724	4,356,048
	13,470,081	14,670,250	18,384,430	18,331,618	4,114,688	4,156,591	35,969,199	37,158,459

12 Revenue (cont'd)

(i) Disaggregation of revenue (cont'd)

Group	Fish		Accessories		Plastics		Total	
	Financial year ended 31 Dec		Financial year ended 31 Dec		Financial year ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$
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

(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		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022
	$	$	$	$
Gain on disposal of property, plant and equipment	51,864	47,178	44,254	51,772
Gain on derecognition of right-of-use assets and lease liabilites	12,703	-	12,703	-
Net change in fair value of financial asset at FVTPL	304,521	24,660	329,521	49,660
Handling income (net)	1,519,523	1,679,376	3,035,303	4,010,818
Sundry income	29,444	60,231	122,474	170,000
	1,918,055	1,811,445	3,544,255	4,282,250

14 Other expenses

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022
	$	$	$	$
Loss on biological assets	(7,391,199)	(4,132)	(7,391,199)	(4,132)

15 Net finance costs

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022
	$	$	$	$
Interest income				
- bank deposits	76,604	18,465	140,680	34,842
Interest expense				
- bank loans and overdrafts	(154,864)	(198,421)	(336,279)	(295,316)
- bills payable to banks	(1,121)	(1,570)	(3,467)	(3,784)
- lease liabilities	(69,754)	(25,307)	(111,305)	(52,637)
	(225,739)	(225,298)	(451,051)	(351,737)
Net finance costs	(149,135)	(206,833)	(310,371)	(316,895)

16 (Loss) Profit before tax

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

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022
	$	$	$	$
Allowance for (Write back of allowance for) inventory obsolescence	1,567,783	(360,000)	1,517,783	(240,000)
Auditors' remuneration				
- auditors of the Company	89,000	89,000	158,000	158,000
- other auditors	10,479	9,973	19,706	20,976
Non-audit fees				
- auditors of the Company	55,000	100,000	55,000	100,000
- other auditors	22,430	27,090	25,737	34,217
Directors' fees				
- directors of the Company	40,000	40,000	80,000	80,000
Bad trade receivables written off	51,322	42,582	49,390	26,981
Depreciation of				
- property, plant and equipment	1,364,232	1,409,367	2,747,322	2,890,625
- biological assets	59,848	88,897	144,817	181,687
Amortisation of intangible assets	61,782	61,000	123,316	122,000
Exchange loss, net	69,802	396,810	29,913	178,740
Short term leases	67,469	87,089	141,020	125,937
Property, plant and equipment written off	364	70	364	1,466
Staff costs				
- salaries and bonus*	6,802,549	6,121,642	13,284,249	13,312,649
- provident fund contributions*	478,997	446,275	958,453	904,085
- staff welfare benefits	525,417	567,229	955,070	1,116,232
- foreign worker levy	193,714	202,947	392,654	394,655

* Include directors' remuneration.

17 Tax expense

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022
	$	$	$	$
Current tax expense				
Current year	73,645	130,940	150,175	246,538
Under provision in respect of prior year	12,982	27,763	12,437	27,770
Deferred tax credit				
- origination and reversal of temporary differences	(5,066)	(4,523)	(5,066)	(4,523)
- over provision in respect of prior year	-	(13,234)	-	(13,234)
	81,561	140,946	157,546	256,551

18 (Loss) Earnings per share

	Group		Group	
	6 months ended 31 Dec		Financial year ended 31 Dec	
	2023	2022	2023	2022
(Loss) Profit attributable to of the Company ($)	(9,306,602)	584,299	(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	113,526,467	113,526,467
Basic (loss) earnings per share (cents)	(8.20)	0.51	(8.17)	1.23

The calculation of basic (loss) earnings per share 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 as at 31 December 2023 and 31 December 2022.

19 Net asset value per share

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Net asset value per share based on existing issued share capital as at the respective dates (cents)	34.79	43.39	27.90	34.89

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

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

20 Dividends

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 financial year, there was dividend paid by a subsidiary to non-controlling interests amounting to $184,800 (2022: $155,600).

21 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 financial year ended 31 December 2023.

22 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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22 Operating segments (cont'd)

(a) Business segments (cont'd)

	Financial year ended 31 Dec 2023				
	Fish	Accessories	Plastics	Others	Total
Group	$'000	$'000	$'000	$'000	$'000
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)
Net (loss) profit margin	**(19.5%)**	**(3.1%)**	**10.4%**		**(13.0%)**
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					
Expenditures 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 liabilites	-	(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.*

22 Operating segments (cont'd)

(a) Business segments (cont'd)

	Financial year ended 31 Dec 2022				
	Fish	Accessories	Plastics	Others	Total
Group	$'000	$'000	$'000	$'000	$'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
Net profit margin	**11.9%**	**2.9%**	**7.5%**		**2.2%**
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					
Expenditures 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 Before Interest, Taxation, Depreciation and Amortisation.*
** *This includes capital expenditure and additions to other non-current assets.*
*** *Amount less than $1,000.*

22 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.

	Revenue		Segment non-current assets		Segment assets	
	Financial year		Financial year		Financial year	
	2023	2022	2023	2022	2023	2022
Group	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	26,849	26,963	11,032	18,567	37,518	47,328
Other Asian countries	29,858	33,543	4,368	4,150	21,415	25,063
Europe	4,667	5,064	-	-	-	-
Others	8,940	9,695	-	-	-	-
Total	70,314	75,265	15,400	22,717	58,933	72,391

(c) Major customers

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

23 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.

	Mandatorily at FVTPL $	Amortised cost $	Other financial liabilities $	Total carrying amount $
Group				
31 Dec 2023				
Financial assets measured at fair value				
Financial assets at FVTPL	1,379,181	-	-	1,379,181
Financial assets not measured at fair value				
Trade and other receivables #	-	13,191,383	-	13,191,383
Cash and cash equivalents	-	15,546,221	-	15,546,221
	-	28,737,604	-	28,737,604
Financial liabilities not measured at fair value				
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)
31 Dec 2022				
Financial assets measured at fair value				
Financial assets at FVTPL	1,049,660	-	-	1,049,660
Financial assets not measured at fair value				
Trade and other receivables #		11,910,292	-	11,910,292
Cash and cash equivalents		20,116,838	-	20,116,838
		32,027,130	-	32,027,130
Financial liabilities not measured at fair value				
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)

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

23 Fair value management (cont'd)

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

	Mandatorily at FVTPL $	Amortised cost $	Other financial liabilities $	Total carrying amount $
Company				
31 Dec 2023				
Financial assets measured at fair value				
Company				
Financial assets at FVTPL	1,379,181	-	-	1,379,181
Financial assets not measured at fair value				
Trade and other receivables #	-	21,400,382	-	21,400,382
Cash and cash equivalents	-	8,168,917	-	8,168,917
	-	29,569,299	-	29,569,299
Financial liabilities not measured at fair value				
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)
31 Dec 2022				
Financial assets measured at fair value				
Financial assets at FVTPL	1,049,660	-	-	1,049,660
Financial assets not measured at fair value				
Trade and other receivables #	-	22,483,669	-	22,483,669
Cash and cash equivalents	-	10,986,172	-	10,986,172
	-	33,469,841	-	33,469,841
Financial liabilities not measured at fair value				
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.*

23 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.

Financial assets at fair value through profit or loss ("FVTPL")
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.

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. These stocks are measured based on their fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss. The fair value is determined based on the age, breed and genetic merit of similar fish that can be purchased from suppliers. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

Fair value hierarchy

The table below analyses the fair value measurements for recurring 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).

23 Fair value management (cont'd)

(ii) Measurement of fair values

Fair value hierarchy (cont'd)

	Level 1 $	Level 2 $	Level 3 $	Total $
Group and Company				
31 Dec 2023				
Unsecured convertible loan	–	–	1,379,181	1,379,181
31 Dec 2022				
Unsecured convertible loan	–	–	1,049,660	1,049,660
Breeder stocks	–	–	183,090	183,090
	–	–	1,232,750	1,232,750

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.

There were no transfers or reclassifications between various levels in the fair value hierarchy during the financial year.

24 Commitment

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.

25 Subsequent events

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

OTHER INFORMATION

AUDIT

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

AUDITORS' REPORT

See attached auditors' report.

OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE

Consolidated Statement of Profit or Loss

(a) **Revenue by business segment**

Financial Year 2023 vs Financial Year 2022

	Group		Increase	
	Financial year ended 31 Dec		(Decrease)	
	2023	2022		
	$'000	$'000	$'000	%
Fish	27,646	29,137	(1,491)	(5.1)
Accessories	34,650	38,139	(3,489)	(9.1)
Plastics	8,018	7,989	29	0.4
	70,314	75,265	(4,951)	(6.6)

For the year ended 31 December 2023 ("FY 2023"), our fish and accessories activities continued to be the core business segments, which together accounted for 88.6% of the total revenue. The overall revenue registered of $70.3 million in FY 2023 was approximately $5.0 million or 6.6% lower than that reported in FY 2022. The reduction in revenue contribution from both the fish and accessories segments have resulted in a decrease in the Group's overall revenue.

On a geographical basis, revenue from Singapore and overseas dipped by approximately 0.4% and 10.0% respectively in FY 2023 as compared to FY 2022.

6 months ended 31 December 2023 vs 6 months ended 31 December 2022

	Group		Increase	
	6 months ended 31 Dec		(Decrease)	
	2023	2022		
	$'000	$'000	$'000	%
Fish	13,470	14,670	(1,200)	(8.2)
Accessories	18,384	18,332	52	0.3
Plastics	4,115	4,156	(41)	(1.0)
	35,969	37,158	(1,189)	(3.2)

Fish

On the ornamental fish front, the on-going trade tensions and geopolitical landscape continued to affect our fish exports and dampen the purchasing sentiments of our customers to a certain extent. These have resulted in a relatively lower revenue reported during 2nd half of 2023 as compared to its corresponding period in 2022.

Nonetheless, our aquaculture business, revolving around our farms in the Hainan Province in China, saw a recuperation of revenue with a stable flow of customers' orders. This has alleviated the impact of the reduction in revenue contribution from the export of ornamental fish as mentioned above.

OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

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

6 months ended 31 December 2023 vs 6 months ended 31 December 2022 (cont'd)

Fish (cont'd)
Although the above has given rise to a decline in revenue contribution from our fish segment by $1.2 million or 8.2% in the current financial period as compared to its corresponding period in 2022, 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
The revenue contribution from our accessories business has since stabilised in the current financial period as compared to its corresponding period in 2022. We will persist to leverage on the Group's existing distribution bases, network and infrastructure available to explore more untapped markets and focus on selling more of our proprietary brand of innovative products.

Plastics
Our plastics activities registered a flat growth in the current financial period as compared its corresponding period in 2022. 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 healthcare and waste management sectors, as well as the hospitality segment.

(b) **Other income** mainly consists of handling income derived from the handling of transhipments in relation to our aquaculture business. The decrease in handling income was in tandem with the decrease in aquaculture business activities during the current financial year.

(c) **Other expenses** relate to loss on biological assets (brooder stocks) amounting to approximately $7.4 million, 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.

(d) Despite the dip in revenue contribution, the **selling and distribution expenses** stood at approximately $1.3 million and $2.5 million in the 2nd half of 2023 and for the financial year ended 31 December 2023 respectively, comparable to the corresponding periods in 2022. This was due to more marketing and promotion activities undertaken by the Group, coupled with the rising business costs during the current financial year.

OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

(e) Included in the **general and administrative expenses** was 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.

Notwithstanding the broad-spectrum increase in operating costs as a result of elevated inflationary pressure, the overall general and administrative expenses (exclude allowance made for obsolete and slow-moving inventory) remained relatively stable at approximately $12 million and $24 million in the 2nd half of 2023 and for the financial year ended 31 December 2023 respectively as compared to its corresponding periods in 2022, as the increases were offset by lower depreciation charge and lower staff bonus provision made during the current financial year.

(f) 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*.

(g) The increase in finance costs by approximately $0.1 million or 28.2% for the financial year ended 31 December 2023 was mainly due to 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. The increase was mitigated by an increase in finance income by a comparable amount, resulting in an overall marginal reduction in **net finance costs** of 2.1% as compared to the corresponding period in 2022.

(h) The Group incurred losses for the financial year ended 31 December 2023. The current **tax expense** was mainly in relation to the operating profits registered by the profitable entities.

The effective tax rate registered for the year ended 31 December 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 during that financial year.

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

Financial Year 2023 vs Financial Year 2022

	Group Financial year ended 31 Dec 2023	 2022	Increase (Decrease)	
	$'000	$'000	$'000	%
Fish	2,102	3,691	(1,589)	(43.1)
Accessories	461	886	(425)	(48.0)
Plastics	831	576	255	44.3
Unallocated corporate expenses	(3,454)	(3,493)	39	1.1
	(60)	1,660	(1,720)	NM
Loss on biological assets	(7,391)	(4)	(7,387)	NM
(Allowance for) Write back of allowance for inventory obsolescence	(1,518)	240	(1,758)	NM
	(8,969)	1,896	(10,865)	NM

NM: Not meaningful

The significant plunge in profit contribution from the fish business due to the slide in revenue contribution has resulted in a marginal operating loss in FY 2023.

OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

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

6 months ended 31 December 2023 vs 6 months ended 31 December 2022

	Group		Increase	
	6 months ended 31 Dec		(Decrease)	
	2023	2022		
	$'000	$'000	$'000	%
Fish	1,056	2,000	(944)	(47.2)
Accessories	88	184	(96)	(52.2)
Plastics	479	328	151	46.0
Unallocated corporate expenses	(1,819)	(2,057)	238	11.6
	(196)	455	(651)	NM
Loss on biological assets	(7,391)	(4)	(7,387)	NM
(Allowance for) Write back of allowance for inventory obsolescence	(1,568)	360	(1,928)	NM
	(9,155)	811	(9,966)	NM

NM: Not meaningful

Fish
The decline in profitability from our fish business by approximately $1.0 million in the 2nd half of 2023, as compared to its corresponding period in 2022, was in line with the reduction in revenue contribution during the current financial period.

Accessories
Notwithstanding a marginal increase in revenue contribution, the operating profit from our accessories business declined by approximately $0.1 million in the 2nd half of 2023 as compared to the corresponding period in 2022. This was mainly due to our continuous efforts made to capture more sales, which eroded the profit margins of our accessories business in the current financial period.

Plastics
Despite the marginal dip in revenue registered in the 2nd half of 2023, the profit generated from the plastic activities improved noticeably by approximately $0.2 million or 46.0% as compared to its corresponding period in 2022, mainly due to better margins yielded and the difference in sales mix recorded in both periods.

Unallocated corporate expenses
These were staff costs and corporate/administrative expenses incurred in relation to the overseeing of both the Group's local and overseas operations. The lower unallocated corporate expenses incurred in the 2nd half of 2023 as compared to its corresponding period in 2022 was mainly attributed to the recognition of a fair value gain on financial assets amounting to approximately $0.3 million based on its valuation as at 31 December 2023.

Loss on biological assets
Loss on biological assets amounting to approximately $7.4 million resulted from disposing a substantial portion of brooder stocks following the Group's strategic decision to reduce its efforts in the breeding of dragon fish. This is so as to free up resources and repurpose the existing earthen ponds to explore new business activities that would generate better value for the Group.

OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

(i) **Profit before tax by business segment (cont'd)**

6 months ended 31 December 2023 vs 6 months ended 31 December 2022 (cont'd)

Allowance for inventory obsolescence
During the current financial year, there was 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.

Consolidated Statement of Financial Position

Total assets (Group) as at 31 December 2023 were $58.9 million, decreased by approximately $13.5 million from $72.4 million as at 31 December 2022.

The reduction was due to –

- decrease in biological assets, namely brooder stocks and breeder stocks, by $7.5 million and $0.2 million respectively. This is a result of the Group's strategic decision to reduce its efforts in the breeding of dragon fish.
- decrease in inventory by $3.0 million arising from the continuous review carried out to streamline our inventory management process so as to better and effectively manage our inventory holding.
- decrease in cash and cash equivalents of approximately $4.6 million of which $4.0 million was utilised for the repayment of bank borrowings during the current financial year.

The above decreases were partially offset by –

- increase in property, plant and equipment by approximately $0.3 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 having depreciation charge during the financial period.
- increase in financial assets at fair value through profit and loss amounting to approximately $0.3 million, based on its valuation as at 31 December 2023.
- increase in trade and other receivables amounting to $1.3 million which consisted of $0.9 million of deposit made for the purchase of property, plant and equipment.

OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

Consolidated Statement of Financial Position (cont'd)

Total liabilities (Group) as at 31 December 2023 were $17.2 million, decreased by approximately $3.6 million from $20.8 million as at 31 December 2022.

The reduction was due to –

- decrease in loans and borrowings by approximately $2.9 million resulting from the repayment of bank borrowings of $4.0 million during the current financial year, partially offset by the increase in lease liabilities upon the recognition of additional ROU assets during the current financial year, despite repayments made on lease liabilities on a monthly basis.

- decrease in trade and other payables by approximately $0.7 million upon the settlement of non-trade suppliers during the current financial year.

Consolidated Statement of Cash Flows

The decrease in **net cash from operating activities** for the financial year ended 31 December 2023 as compared to its corresponding period in 2022 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 was mainly related to capital expenditure incurred for the purchase of equipment, as well as ongoing enhancements made to the farm and other facilities in Singapore and overseas.

Net cash used in financing activities 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.

VARIANCE FROM PROSPECT STATEMENT

A profit guidance on the financial results of the Group for the financial year ended 31 December 2023 was released via the SGXNET on 28 December 2023. Please refer to the updated and revised prospect statement below.

PROSPECTS

With the peaking of interest rates, the US Federal Reserve is widely expected to taper its rate hikes in Year 2024, thanks to early signs of easing inflation. However, geopolitical tensions such as the Russia-Ukraine and Israel-Hamas conflicts, coupled with the recent rebel movement in Yemen, continue to be worrisome as these crises could cause disruptions to our supply chain and keep business costs elevated, which would have an impact on the Group's short-term profitability.

OTHER INFORMATION (cont'd)

PROSPECTS (cont'd)

Against an evolving macroeconomic backdrop fuelled by uncertainties and geopolitical events, the consumer sentiment is expected to remain weak. China's economy is plagued by decreased exports, a slowing manufacturing sector and a property slump that is weighing down on consumer spending. Our North American and European customers too have taken a conservative stance and held back their procurement as inflation continued to bite while the specter of a global recession loomed in the horizon.

Nonetheless, we envisage that our business segments will continue to perform in Year 2024, amidst a challenging business environment.

Ornamental Fish business

The Group's ornamental fish business has been affected by the commoditisation of certain mass-market varieties of Asian Arowana (dragon fish). Over the years, these Asian Arowana species have experienced oversaturation and dropping prices, which is unlikely to improve going forward. As such, we have made a pivotal decision to reduce our efforts in dragon fish breeding and accordingly, to dispose of a substantial portion of our brooder stocks in order to free up valuable resources and land space to be redeployed to explore new business activities that would generate better value for the Group. Moving forward, we are still optimistic about the premium Arowana segment and will focus on the production of the higher-value albino varieties of Asian Arowana, as well as to implement new strategies to grow our Arowana trading business.

Meanwhile, 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 permanently from the trade. In order to shore up resilience in our 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 a minimal footprint, the ART tank is an environmentally friendly integrated energy-efficient system with zero discharge. Its innovative design accommodates both freshwater and marine species and enhances biosecurity by minimising the risk of spreading diseases. We intend to convert the earthen ponds vacated by the Arowana brooder stocks to house this new technology at our Singapore farm to carry out the breeding and farming of certain species of ornamental fish. We expect this innovative technology to yield more fish in a much shorter time and in a more sustainable manner as well.

We recognise that success in breeding ornamental fish is not solely dependent on technology; rather, it hinges on internal expertise, knowledge and insights. We have since taken the opportunity to enhance our skillsets and refine our knowledge in fish breeding in the recent years. Our emphasis is on breeding around 15 types of essential fish varieties, such as guppies and goldfish, with plans for further expansion. We will continue to strengthen our supply capabilities and invest in research and development. This approach ensures that we accumulate sufficient data and expertise on breeding various fish independently.

Aquaculture business

Aquaculture business – Qian Hu's relatively new growth engine – continues its steady growth as it moves beyond gestation and seeks new intensive farming technologies for food security and climate-change solutions.

OTHER INFORMATION (cont'd)

PROSPECTS (cont'd)

We are in the process of setting up a new joint venture in Malaysia to focus on cultivating the highly sought-after Marble Goby fish. This effort aims to replicate the same proven farming practices within our aquaculture facilities in China closer to our customer base. Consumers in Singapore and the broader Southeast Asian region will be able to enjoy a more regular supply of healthy, antibiotic-free Marble Goby fish. In the near future, we are looking to produce other seafood favourites while we expand our pond capacity.

Our collaboration with 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.

Aquarium and Pet Accessories business

Expanding the Pets Accessories Segment Regionally
In recent years, the dogs, cats and small animals' segment within the pets industry has been on the uptick. We intend to ride on this rising demand by expanding our pet foods, medications and accessories categories for exports 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 expanded in the consumables category for cats such as high-volume cat litter, and we are poised to accelerate our product coverage in this segment.

In time to come, we expect the pet segment to expand further and emerge to be another growth pillar for Qian Hu. We are of the view that Indonesia holds huge potential for pet care given its growing middle-class and increasing disposable income. We are currently in the midst of starting a new pet distribution arm in Indonesia to capitalise on this projected growth.

Focus on own-brands
Our proprietary brands such as "Aristo Cats YIHU" and "Sumo Cat" for cat accessories and "Ocean Free" and "OF" for aquarium fish category have led the growth of our accessories segment, and we strive to increase our reach to more than 60 cities and countries.

Strong R&D capabilities
R&D remains a critical capability to drive innovation and product development throughout the Group. We continue to strive for breakthroughs in developing new varieties of nutritional and aquarium accessories products.

OUTLOOK

The business landscape continues to be challenging, requiring us to be continually innovative, nimble and agile. We believe that we have the right combination of quality products, an innovative and creative mindset, a strategic roadmap and a strong business network that will drive our performance.

Cautiously optimistic that we will be able to overcome the adverse external impacts to our business environment, we will persist on seizing opportunities to nurture new growth segments, developing new capabilities and becoming more competitive while remaining focused on our core strengths and the long-term sustainability of our business.

OTHER INFORMATION (cont'd)

PROSPECTS (cont'd)

Over the years, we have shown ourselves to be resilient, sparing no effort to transform ourselves so as to stay ahead of the competition. We had worked on strengthening our balance sheet and business fundamentals, and we will continue to do so. Our priority is to generate healthy cash flows from everything we do while we fix our sight on managing risks. We envisage that Qian Hu is moving towards becoming a debt-free company with higher dividend payout.

Barring unforeseen circumstances, the Group expects to achieve profitability in FY 2024.

DIVIDENDS

(a) **Present period**

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

(b) **Previous corresponding period**

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

(c) **Total annual dividend**

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

(d) **Date payable**

Subject to shareholders' approval at the Annual General Meeting to be held on 27 March 2024, the dividend will be paid on 24 April 2024.

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

Registrable Transfers received by the Company's Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5:00 p.m. on 11 April 2024 will be registered before entitlements to the proposed dividend are determined. The Register of Transfer and the Register of Members of the Company will be closed on 12 April 2024 for the preparation of dividend warrants.

OTHER INFORMATION (cont'd)

HALF-YEARLY REVENUE AND PROFIT CONTRIBUTION

	Group		
	Financial year ended 31 Dec		Increase
	2023	2022	(Decrease)
	$'000	$'000	%
Revenue			
1st Half	34,345	38,107	(9.9)
2nd Half	35,969	37,158	(3.2)
	70,314	75,265	(6.6)
Profit (Loss) before tax			
1st Half	186	1,085	(82.9)
2nd Half	(9,155)	811	NM
	(8,969)	1,896	NM
Profit (Loss) attributable to Owners of the Company			
1st Half	30	816	(96.3)
2nd Half	(9,307)	584	NM
	(9,277)	1,400	NM

NM: Not meaningful

CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS

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

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

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Alvin Yap Ah Seng	58	Substantial shareholder and cousin of Kenny Yap Kim Lee	Division head of Yi Hu division (since 1989) **Duties :** Oversees the Group's accessories business and manages the daily operations of Yi Hu division	No change

OTHER INFORMATION (cont'd)

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Andy Yap Ah Siong	57	Substantial shareholder and cousin of Kenny Yap Kim Lee	Division head of Qian Hu division (since 1988) **Duties :** Oversees the Group's fish business and manages the daily operations of Qian Hu division	No change
Tan Boon Kim	58	Brother-in-law of Alvin Yap Ah Seng and Andy Yap Ah Siong	Managing Director of - Thai Qian Hu Company Limited (since 2002) - P.T. Qian Hu Joe Aquatic Indonesia (since 2012) **Duties :** Oversees the business operations and business development of Thai Qian Hu Company Limited & P.T. Qian Hu Joe Aquatic Indonesia	No change
Lee Kim Hwat	69	Brother-in-law of Kenny Yap Kim Lee	Managing Director of Qian Hu Tat Leng Plastic Pte Ltd (since 1996) **Duties :** Oversees the daily operations and business development of Qian Hu Tat Leng Plastic Pte Ltd	No change
Yap Kay Wee	45	Son of Yap Ping Heng and cousin of Yap Kok Cheng	Head of Accessories Business, China Operations (since 2016) **Duties :** Oversees and manages the accessories business in China	No change

OTHER INFORMATION (cont'd)

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

Name	**Age**	**Family relationship with any director and/or substantial shareholder**	**Current position and duties, and the year the position was held**	**Details of changes in duties and position held, if any, during the year**
Lim Yik Kiang	47	Son-in-law of Yap Hock Huat and brother-in-law of Yap Kok Cheng	Head of Fish Business, China Operations (since 2016) **Duties :** Oversees and manages the fish business in China	No change

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

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

Yap Kok Cheng is the Chief Executive Officer of the Company. He is the nephew of Kenny Yap Kim Lee and the son of Yap Hock Huat.

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman
12 January 2024

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Independent auditors' report

Members of the Company
Qian Hu Corporation Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Qian Hu Corporation Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 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 significant accounting policies as set out on pages FS1 to FS75.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the 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.

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.

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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.

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KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 January 2024