



**Interim Financial Information
As at and for the Half Year Ended
30 June 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
AS AT AND FOR THE HALF YEAR ENDED 30 JUNE 2023

STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30 Jun 2023 \$	As at 31 Dec 2022 \$	As at 30 Jun 2023 \$	As at 31 Dec 2022 \$
ASSETS					
Property, plant and equipment	3	8,933,048	8,264,984	3,280,365	3,724,655
Biological assets - brooder stocks	4	7,583,797	7,668,766	7,583,797	7,668,766
Intangible assets	5	6,726,720	6,783,452	2,676,022	2,737,022
Subsidiaries		-	-	3,524,387	3,524,387
Trade and other receivables	8	-	-	5,557,205	5,557,205
Non-current assets		23,243,565	22,717,202	22,621,776	23,212,035
Biological assets - breeder stocks		183,090	183,090	183,090	183,090
Financial asset at fair value through profit or loss ("FVTPL")	6	1,074,660	1,049,660	1,074,660	1,049,660
Inventories	7	14,299,751	15,258,387	4,722,184	4,963,213
Trade and other receivables	8	14,544,593	13,065,831	18,033,718	17,495,603
Cash and cash equivalents		15,946,342	20,116,838	6,843,440	10,986,172
Current assets		46,048,436	49,673,806	30,857,092	34,677,738
Total assets		69,292,001	72,391,008	53,478,868	57,889,773
EQUITY					
Share capital	9	30,772,788	30,772,788	30,772,788	30,772,788
Reserves		18,082,009	18,482,216	8,744,745	8,838,555
Equity attributable to owners of the Company		48,854,797	49,255,004	39,517,533	39,611,343
Non-controlling interests		2,335,713	2,295,749	-	-
Total equity		51,190,510	51,550,753	39,517,533	39,611,343
LIABILITIES					
Loans and borrowings	10	1,570,315	938,926	139,633	203,018
Deferred tax liabilities		53,322	54,444	-	-
Non-current liabilities		1,623,637	993,370	139,633	203,018
Loans and borrowings	10	7,907,169	9,863,628	6,629,787	9,130,953
Trade and other payables	11	8,246,720	9,530,070	6,984,458	8,737,002
Current tax payable		323,965	453,187	207,457	207,457
Current liabilities		16,477,854	19,846,885	13,821,702	18,075,412
Total liabilities		18,101,491	20,840,255	13,961,335	18,278,430
Total equity and liabilities		69,292,001	72,391,008	53,478,868	57,889,773
Inventory turnover (days)		128	122	75	68
Trade receivables turnover (days)		64	59	68	60
Debt equity ratio (times)		0.35	0.40	0.35	0.46



QIAN HU CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 30 JUNE 2023

	Note	Group		Change %
		6 months ended 30 Jun		
		2023 \$	2022 \$	
Revenue	12	34,344,588	38,106,569	(9.9)
Cost of sales		(22,556,948)	(25,744,149)	(12.4)
Gross profit		11,787,640	12,362,420	(4.6)
Other income	13	1,626,200	2,470,805	(34.2)
Selling & distribution expenses		(1,270,507)	(1,229,281)	3.4
General & administrative expenses		(11,778,395)	(12,220,945)	(3.6)
Impairment loss on trade receivables		(17,351)	(188,052)	(90.8)
Results from operating activities		347,587	1,194,947	(70.9)
Finance income		64,076	16,377	291.3
Finance costs		(225,312)	(126,439)	78.2
Net finance costs	14	(161,236)	(110,062)	46.5
Profit before tax	15	186,351	1,084,885	(82.8)
Tax expense	16	(75,985)	(115,605)	(34.3)
Profit for the period		110,366	969,280	(88.6)
Profit attributable to:				
Owners of the Company		29,749	815,582	(96.4)
Non-controlling interests		80,617	153,698	(47.5)
Profit for the period		110,366	969,280	(88.6)
Earnings per share (cents)	17			
Basic		0.03	0.72	
Diluted		0.03	0.72	
Gross profit margin		34.3%	32.4%	
Net profit margin		0.3%	2.5%	
Effective tax rate		41.1%	10.7%	



QIAN HU CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2023

	Group		Change
	6 months ended 30 Jun		
	2023	2022	
	\$	\$	%
Profit for the period	110,366	969,280	(88.6)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations, net of tax	(130,030)	(186,578)	(30.3)
Other comprehensive income for the period, net of tax	(130,030)	(186,578)	(30.3)
Total comprehensive income for the period	(19,664)	782,702	(102.5)
Total comprehensive income attributable to:			
Owners of the Company	(59,628)	696,251	(108.6)
Non-controlling interests	39,964	86,451	(53.8)
Total comprehensive income for the period	(19,664)	782,702	(102.5)



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			
	\$	\$	\$	\$	\$	\$
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 period						
Profit for the period	-	29,749	-	29,749	80,617	110,366
Other comprehensive income						
Foreign currency translation differences - foreign operations, net of tax	-	-	(89,377)	(89,377)	(40,653)	(130,030)
Total other comprehensive income	-	-	(89,377)	(89,377)	(40,653)	(130,030)
Total comprehensive income for the period	-	29,749	(89,377)	(59,628)	39,964	(19,664)
Transactions with owners of the Company, recognised directly in equity						
<i>Distributions to owners</i>						
Dividends paid	-	(340,579)	-	(340,579)	-	(340,579)
Total transactions with owners of the Company	-	(340,579)	-	(340,579)	-	(340,579)
At 30 June 2023	30,772,788	18,684,331	(602,322)	48,854,797	2,335,713	51,190,510
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 period						
Profit for the period	-	815,582	-	815,582	153,698	969,280
Other comprehensive income						
Foreign currency translation differences - foreign operations, net of tax	-	-	(119,331)	(119,331)	(67,247)	(186,578)
Total other comprehensive income	-	-	(119,331)	(119,331)	(67,247)	(186,578)
Total comprehensive income for the period	-	815,582	(119,331)	696,251	86,451	782,702
Transactions with owners of the Company, recognised directly in equity						
<i>Distributions to owners</i>						
Dividends paid	-	(340,579)	-	(340,579)	-	(340,579)
Total transactions with owners of the Company	-	(340,579)	-	(340,579)	-	(340,579)
At 30 June 2022	30,772,788	18,410,862	(507,735)	48,675,915	2,397,173	51,073,088



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STATEMENTS OF CHANGES IN EQUITY (cont'd)

Company	Share capital \$	Retained earnings \$	Translation reserve \$	Total equity \$
At 1 January 2023	30,772,788	8,749,818	88,737	39,611,343
Total comprehensive income for the period				
Profit for the period	-	185,551	-	185,551
Other comprehensive income				
Foreign currency translation differences - foreign operations, net of tax	-	-	61,218	61,218
Total other comprehensive income	-	-	61,218	61,218
Total comprehensive income for the period	-	185,551	61,218	246,769
Transactions with owners of the Company, recognised directly in equity				
<i>Distributions to owners</i>				
Dividends paid	-	(340,579)	-	(340,579)
Total transactions with owners of the Company	-	(340,579)	-	(340,579)
At 30 June 2023	30,772,788	8,594,790	149,955	39,517,533
At 1 January 2022	30,772,788	8,011,388	(106,264)	38,677,912
Total comprehensive income for the period				
Profit for the period	-	1,500,135	-	1,500,135
Other comprehensive income				
Foreign currency translation differences - foreign operations, net of tax	-	-	41,053	41,053
Total other comprehensive income	-	-	41,053	41,053
Total comprehensive income for the period	-	1,500,135	41,053	1,541,188
Transactions with owners of the Company, recognised directly in equity				
<i>Distributions to owners</i>				
Dividends paid	-	(340,579)	-	(340,579)
Total transactions with owners of the Company	-	(340,579)	-	(340,579)
At 30 June 2022	30,772,788	9,170,944	(65,211)	39,878,521



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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2023

	Group	
	6 months ended 30 Jun	
	2023	2022
	\$	\$
Cash flows from operating activities		
Profit before tax	186,351	1,084,885
Adjustments for:		
Amortisation of intangible assets	61,534	61,000
Bad trade receivables recovered	(1,932)	(15,601)
Impairment loss on trade receivables	17,351	188,052
(Write back of) Allowance for inventory obsolescence	(50,000)	120,000
Depreciation of		
- property, plant and equipment	1,383,090	1,481,258
- biological assets	84,969	92,790
Property, plant and equipment written off	-	1,396
Loss (Gain) on disposal of property, plant and equipment	7,610	(4,594)
Net change in fair value - financial asset at FVTPL	(25,000)	(25,000)
Finance costs	225,312	126,439
Finance income	(64,076)	(16,377)
	<u>1,825,209</u>	<u>3,094,248</u>
Changes in:		
Inventories	1,223,478	16,006
Trade and other receivables	(1,619,960)	(1,117,706)
Trade and other payables	(1,164,634)	(154,795)
Cash generated from operations	<u>264,093</u>	<u>1,837,753</u>
Tax paid	(209,024)	(237,482)
Net cash from operating activities	<u>55,069</u>	<u>1,600,271</u>
Cash flows from investing activities		
Acquisition of		
- property, plant and equipment	(358,095)	(526,298)
- intangible asset	(4,802)	-
Interest received	64,076	16,377
Proceeds from disposal of property, plant and equipment	-	4,919
Acquisition of financial asset at FVTPL	-	(1,000,000)
Net cash used in investing activities	<u>(298,821)</u>	<u>(1,505,002)</u>



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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2023 (cont'd)

	Group	
	6 months ended 30 Jun	
	2023	2022
	\$	\$
Cash flows from financing activities		
Dividends paid to owners of the Company	(340,579)	(340,579)
Interest paid	(236,441)	(122,348)
Repayment of		
- lease liabilities	(634,746)	(730,845)
- bank term loans	(2,500,000)	-
Net cash used in financing activities	(3,711,766)	(1,193,772)
Net decrease in cash and cash equivalents	(3,955,518)	(1,098,503)
Cash and cash equivalents at beginning of period	20,116,838	21,671,287
Effect of exchange rate fluctuations on cash held	(214,978)	(161,139)
Cash and cash equivalents at end of period (Note i)	15,946,342	20,411,645

(i) Cash and cash equivalents comprised:

	Group	
	As at	As at
	30 Jun 2023	30 Jun 2022
	\$	\$
Short-term deposits	2,172,359	1,438,416
Cash and bank balances	13,773,983	18,973,229
	15,946,342	20,411,645



QIAN HU CORPORATION LIMITED
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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 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 21).

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements as at and for the six months ended 30 June 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 audited 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.



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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:

- Note 4 – impairment test of biological 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 2023:

- SFRS(I) 17 *Insurance Contracts* and amendments to 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*

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 2023. 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 2023, the Group acquired property, plant and equipment with an aggregate cost of \$2,134,363 (30/6/2022: \$2,412,975), of which Nil (30/6/2022: \$37,030) were acquired under finance leases and \$1,776,268 (30/6/2022: \$1,849,647) relates to right-of-use assets. Cash payments of \$358,095 (30/6/2022: \$526,298) were made to purchase property, plant and equipment.

4 Biological assets

	Group and Company	
	As at 30 Jun 2023	As at 31 Dec 2022
Brooder stocks	\$	\$
Cost		
At 1 January	9,568,000	12,015,000
Additions during the period/year	-	1,487,500
Disposals during the period/year	-	(3,934,500)
At 30 June/31 December	9,568,000	9,568,000
Accumulated depreciation and impairment loss		
At 1 January	1,899,234	4,160,415
Depreciation charge for the period/year	84,969	181,687
Disposals during the period/year	-	(2,442,868)
At 30 June/31 December	1,984,203	1,899,234
Net carrying amount		
At 30 June/31 December	7,583,797	7,668,766



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

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.

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 2023 and 31 December 2022 as the recoverable amount was in excess of the carrying amount.

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 30 Jun 2023 \$	As at 31 Dec 2022 \$	As at 30 Jun 2023 \$	As at 31 Dec 2022 \$
Trademarks/customer acquisition costs/formulation rights	3,802,608	3,797,806	3,717,806	3,717,806
Goodwill on consolidation	4,046,430	4,046,430	-	-
	7,849,038	7,844,236	3,717,806	3,717,806
Less Accumulated amortisation	(1,122,318)	(1,060,784)	(1,041,784)	(980,784)
	6,726,720	6,783,452	2,676,022	2,737,022



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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 2023 and 31 December 2022 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.

(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 2023 and 31 December 2022 as the recoverable amount was in excess of the carrying amount.



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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) (cont'd)*

Key assumptions used in discounted cash flow projection calculations for 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	
	As at 30 Jun 2023	As at 31 Dec 2022
	\$	\$
Non-listed debt instrument - convertible loan		
At 1 January	1,049,660	-
Additions	-	1,000,000
Net change in fair value	25,000	49,660
At 30 June/31 December	<u>1,074,660</u>	<u>1,049,660</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, bore interest at 5% per annum from the date of disbursement of the loan to AquaEasy and had 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.

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



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7 Inventories

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	\$	\$	\$	\$
Fish	1,601,942	1,590,970	959,048	955,863
Accessories	11,701,494	12,350,781	3,763,136	4,007,350
Plastics products - raw materials	278,576	542,489	-	-
Plastics products - finished goods	717,739	774,147	-	-
	14,299,751	15,258,387	4,722,184	4,963,213

8 Trade and other receivables

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	\$	\$	\$	\$
Trade receivables	12,384,718	11,984,906	7,508,376	6,906,401
Loss allowance	(1,565,272)	(1,557,036)	(887,000)	(887,000)
Net receivables	10,819,446	10,427,870	6,621,376	6,019,401
Deposits	732,458	635,876	194,060	188,810
Tax recoverable	91,134	88,376	-	-
Other receivables	789,751	758,170	582,418	569,344
Amount due from subsidiaries:				
- trade	-	-	12,355,228	12,813,411
- non-trade	-	-	2,892,703	2,892,703
Amortised cost	12,432,789	11,910,292	22,645,785	22,483,669
Prepayments	987,691	478,580	113,348	81,010
Advances to suppliers	1,124,113	676,959	831,790	488,129
	14,544,593	13,065,831	23,590,923	23,052,808
Non-current	-	-	5,557,205	5,557,205
Current	14,544,593	13,065,831	18,033,718	17,495,603
	14,544,593	13,065,831	23,590,923	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 \$8.5 million as at 30 June 2023 (31/12/2022: \$8.8 million). Based on a repayment arrangement made with GZQH, \$3.2 million of the outstanding amount as at 31 December 2022 is due on 31 December 2023 and the remaining amount of approximately \$5.6 million is neither planned and is not expected to be repaid within the next 12 months.

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 (31/12/2022: 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.



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9 Share capital

	Number of shares	\$
Fully paid ordinary shares with no par value:		
At 1 January 2023 and 30 June 2023	<u>113,526,467</u>	<u>30,772,788</u>

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

There were no outstanding convertibles as at 30 June 2023 (30/6/2022: Nil).

The Company did not hold any treasury shares as at 30 June 2023 (30/6/2022: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2023.

10 Loans and borrowings

	<u>Group</u>		<u>Company</u>	
	<u>As at 30 Jun 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 30 Jun 2023</u>	<u>As at 31 Dec 2022</u>
	\$	\$	\$	\$
Non-current liabilities				
Lease liabilities	1,570,315	938,926	139,633	203,018
Current liabilities				
Bank term loans (unsecured)	6,500,000	9,000,000	6,500,000	9,000,000
Bills payable to banks (unsecured)	68,876	25,607	-	-
Lease liabilities	1,338,293	838,021	129,787	130,953
	<u>7,907,169</u>	<u>9,863,628</u>	<u>6,629,787</u>	<u>9,130,953</u>
Total borrowings	<u>9,477,484</u>	<u>10,802,554</u>	<u>6,769,420</u>	<u>9,333,971</u>

The unsecured bank term loans are revolving bank loans that bear interest at rates ranging from 4.71% to 5.17% (31/12/2022: 4.75% to 5.20%) per annum and are repayable within the next 12 months from the reporting date.

The weighted average effective interest rate relating to bills payable to banks of the Group is 4.91% (31/12/2022: 4.25%) per annum. These bills mature within one to three months from the reporting date.

As at 30 June 2023, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.7 million (31/12/2022: \$1.7 million).



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

11 Trade and other payables

	Group		Company	
	As at	As at	As at	As at
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	\$	\$	\$	\$
Trade payables	2,918,167	2,931,898	1,198,593	1,396,971
Accrued operating expenses	716,481	1,087,287	525,828	869,177
Accrued interest payable	10,206	21,335	10,206	21,335
Other payables	1,610,133	2,176,481	1,156,986	1,810,557
Accrued staff costs	2,052,676	2,744,436	1,651,930	2,344,265
Advance received from customers	939,057	568,633	217,451	172,440
Amounts due to subsidiaries:				
- trade	-	-	988,260	907,053
- non-trade	-	-	1,235,204	1,215,204
	<u>8,246,720</u>	<u>9,530,070</u>	<u>6,984,458</u>	<u>8,737,002</u>

12 Revenue

	Group	
	6 months ended 30 Jun	6 months ended 30 Jun
	2023	2022
	\$	\$
Sales of goods		
- Fish	14,176,047	14,466,791
- Accessories	16,265,667	19,807,331
- Plastics	3,902,874	3,832,447
	<u>34,344,588</u>	<u>38,106,569</u>

(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	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Primary geographical markets								
Singapore	4,238,951	3,107,813	5,723,363	5,766,621	3,669,903	3,727,692	13,632,217	12,602,126
Other Asian countries	5,085,222	6,213,595	8,958,704	11,156,831	164,725	73,573	14,208,651	17,443,999
Europe	2,247,593	2,345,804	96,033	344,761	39,842	31,182	2,383,468	2,721,747
Others	2,604,281	2,799,579	1,487,567	2,539,118	28,404	-	4,120,252	5,338,697
	<u>14,176,047</u>	<u>14,466,791</u>	<u>16,265,667</u>	<u>19,807,331</u>	<u>3,902,874</u>	<u>3,832,447</u>	<u>34,344,588</u>	<u>38,106,569</u>

(ii) Seasonality of operations

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



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

13 Other income

	Group	
	6 months ended 30 Jun	
	2023	2022
	\$	\$
(Loss) Gain on disposal of property, plant and equipment	(7,610)	4,594
Net change in fair value - financial asset at FVTPL	25,000	25,000
Handling income (net)	1,515,780	2,331,442
Sundry income	93,030	109,769
	<u>1,626,200</u>	<u>2,470,805</u>

14 Net finance costs

	Group	
	6 months ended 30 Jun	
	2023	2022
	\$	\$
Interest income		
- bank deposits	64,076	16,377
Interest expense		
- bank loans and overdrafts	(181,415)	(96,895)
- bills payable to banks	(2,346)	(2,214)
- lease liabilities	(41,551)	(27,330)
	<u>(225,312)</u>	<u>(126,439)</u>
Net finance costs	<u>(161,236)</u>	<u>(110,062)</u>

15 Profit before tax

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

	Group	
	6 months ended 30 Jun	
	2023	2022
	\$	\$
(Write back of) Allowance for inventory obsolescence	(50,000)	120,000
Auditors' remuneration		
- auditors of the Company	69,000	69,000
- other auditors	9,227	11,003
Non-audit fees		
- other auditors	3,307	7,127
Directors' fees	40,000	40,000
Bad trade receivables recovered	(1,932)	(15,601)
Depreciation of		
- property, plant and equipment	1,383,090	1,481,258
- biological assets	84,969	92,790



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

15 Profit before tax (cont'd)

The followings items have been included in arriving at profit before tax:
(cont'd)

	Group	
	6 months ended 30 Jun	
	2023	2022
	\$	\$
Amortisation of intangible assets	61,534	61,000
Exchange gain, net	(39,889)	(218,070)
Short term leases	73,551	38,848
Property, plant and equipment written off	-	1,396
Staff costs		
- salaries and bonus*	6,481,700	7,191,007
- provident fund contributions*	479,456	457,810
- staff welfare benefits	429,653	549,003
- foreign worker levy	198,940	191,708

* Include directors' remuneration.

16 Tax expense

	Group	
	6 months ended 30 Jun	
	2023	2022
	\$	\$
Current tax expense		
Current year	76,530	115,598
(Over) Under provision in respect of prior year	(545)	7
	<u>75,985</u>	<u>115,605</u>

17 Earnings per share

	Group	
	6 months ended 30 Jun	
	2023	2022
Profit attributable to owners of the Company (\$)	29,749	815,582
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>0.03</u>	<u>0.72</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 2023 and 30 June 2022.



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

18 Net asset value per share

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
Net asset value per share based on existing issued share capital as at the respective dates (cents)	43.03	43.39	34.81	34.89

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

19 Dividends

No interim dividend for the half year ended 30 June 2023 (30/6/2022: 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 2023.

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 2023				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	14,176	16,266	3,903	-	34,345
Inter-segment revenue	1,623	4,283	99	(6,005)	-
Total Revenue	15,799	20,549	4,002	(6,005)	34,345
Results					
EBITDA *	1,619	1,089	620	(1,451)	1,877
Depreciation and amortisation	(611)	(639)	(257)	(23)	(1,530)
Interest expense	(2)	(31)	(11)	(181)	(225)
Interest income	40	4	-	20	64
Profit before tax	1,046	423	352	(1,635)	186
Tax expense	(72)	(4)	-	-	(76)
Profit for the period	974	419	352	(1,635)	110
Net profit margin	6.9%	2.6%	9.0%		0.3%
Assets and Liabilities					
Segment assets	30,175	30,220	5,658	3,239	69,292
Segment liabilities	4,255	4,797	2,056	6,993	18,101
Other Segment Information					
Expenditures for non-current assets **	116	125	117	-	358
Other non-cash items:					
Bad trade receivables recovered	(2)	-	-	-	(2)
Loss on disposal of property, plant and equipment	5	***	3	-	8
Impairment loss on trade receivables	5	12	-	-	17
Write back of allowance for inventory obsolescence	-	(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.



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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
Revenue					
External revenue	14,467	19,807	3,833	-	38,107
Inter-segment revenue	1,199	3,970	100	(5,269)	-
Total Revenue	15,666	23,777	3,933	(5,269)	38,107
Results					
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)
Profit for the period	1,576	581	248	(1,436)	969
Net profit margin	10.9%	2.9%	6.5%		2.5%
Assets and Liabilities					
Segment assets	34,505	33,267	5,212	3,082	76,066
Segment liabilities	5,710	5,287	1,632	12,364	24,993
Other Segment Information					
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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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.

	Revenue		Segment non-current assets		Segment assets	
	6 months ended 30 Jun		6 months ended 30 Jun		6 months ended 30 Jun	
	2023	2022	2023	2022	2023	2022
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	13,632	12,602	19,039	19,024	44,338	48,752
Other Asian countries	14,209	17,444	4,205	5,010	24,954	27,314
Europe	2,384	2,722	-	-	-	-
Others	4,120	5,339	-	-	-	-
Total	34,345	38,107	23,244	24,034	69,292	76,066

(c) Major customers

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

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.

	Mandatorily at FVTPL	Amortised cost	Other financial liabilities	Total carrying amount
	\$	\$	\$	\$
Group				
30 Jun 2023				
Financial assets measured at fair value				
Financial assets at FVTPL	1,074,660	-	-	1,074,660
Financial assets not measured at fair value				
Trade and other receivables #	-	12,432,789	-	12,432,789
Cash and cash equivalents	-	15,946,342	-	15,946,342
	-	28,379,131	-	28,379,131

Excludes prepayments and advances to suppliers.



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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 \$
Group				
30 Jun 2023				
Financial liabilities not measured at fair value				
Lease liabilities	-	-	(2,908,608)	(2,908,608)
Bank term loans	-	-	(6,500,000)	(6,500,000)
Bills payable to banks	-	-	(68,876)	(68,876)
Trade and other payables *	-	-	(7,307,663)	(7,307,663)
	-	-	(16,785,147)	(16,785,147)
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 *	-	-	(8,961,437)	(8,961,437)
	-	-	(19,763,991)	(19,763,991)
Company				
30 Jun 2023				
Financial assets measured at fair value				
Company				
Financial assets at FVTPL	1,074,660	-	-	1,074,660
Financial assets not measured at fair value				
Trade and other receivables #	-	22,645,785	-	22,645,785
Cash and cash equivalents	-	6,843,440	-	6,843,440
	-	29,489,225	-	29,489,225
Financial liabilities not measured at fair value				
Lease liabilities	-	-	(269,420)	(269,420)
Bank term loans	-	-	(6,500,000)	(6,500,000)
Trade and other payables *	-	-	(6,767,007)	(6,767,007)
	-	-	(13,536,427)	(13,536,427)

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 \$
Company				
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 *	-	-	(8,564,562)	(8,564,562)
	-	-	(17,898,533)	(17,898,533)

Excludes prepayments and advances to suppliers

* Excludes advance received from customers

(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.



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

22 Fair value management (cont'd)

(ii) Measurement of fair values (cont'd)

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.

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).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Group and Company				
30 Jun 2023				
Unsecured convertible loan	–	–	1,074,660	1,074,660
Breeder stocks	–	–	183,090	183,090
	–	–	1,257,750	1,257,750
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.

23 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 30 June 2023, 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 2023 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 2023 vs 6 months ended 30 June 2022

	Group			
	6 months ended 30 Jun			
	2023	2022	Increase (Decrease)	
	\$'000	\$'000	\$'000	%
Fish	14,176	14,467	(291)	(2.0)
Accessories	16,266	19,807	(3,541)	(17.9)
Plastics	3,903	3,833	70	1.8
	<u>34,345</u>	<u>38,107</u>	<u>(3,762)</u>	<u>(9.9)</u>

In the 1st half of 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 in the 1st half of 2023 of \$34.3 million was approximately \$3.8 million or 9.9% lower than its corresponding period in 2022. Although the revenue from our plastics activities recorded growth, 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 8.2%, while revenue from overseas dipped by 18.8% in the 1st half of 2023 as compared to its corresponding period in 2022.

Fish

On the ornamental fish front, the on-going Russia-Ukraine conflict and the 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 1st half of 2023 as compared to its corresponding period in 2022.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

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

Fish (cont'd)

Nonetheless, our aquaculture business, revolving around our farms in the Hainan Province in China, which was previously impacted by the extensive reduction in air cargo capacity and flight frequencies amidst the pandemic, saw a recuperation of revenue from this business segment with a stable flow of customers' orders since the 2nd half of 2022. This has alleviated the impact of the reduction in revenue contribution from the export of ornamental fish as mentioned above.

Although the above has given rise to an overall marginal decline in the revenue contribution from our fish segment by \$0.3 million or 2.0% 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 plunged by approximately \$3.5 million or 17.9% in the current financial period as compared to its corresponding period in 2022. Despite our conscientious efforts made to focus on selling more of our proprietary brand of innovative products, our revenue from the accessories export activities was affected by the weakening and conservative purchasing sentiments experienced globally. Our customers grew to be more vigilant in their procurement requirements due to trade disruptions, geopolitical tensions and economic uncertainties during the current period.

Plastics

Revenue from our plastics activities registered stable growth of \$0.1 million or 1.8% 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 food and beverage and healthcare sectors.

- (b) **Other income** mainly consists of handling income derived from the handling of transshipments in relation to our aquaculture business. The decrease in handling income was in tandem with the decrease in transshipments activities during the current financial period.
- (c) The increase in **selling and distribution expenses** by \$41K or 3.4% in the 1st half of 2023 as compared to its corresponding period in 2022 was in line with more marketing and promotion activities undertaken by the Group following the resumption of business activities around the globe, coupled with the rising business costs during the current financial period.
- (d) Notwithstanding the higher personnel expenses due to the increase in headcount and annual salary revision, coupled with a broad-spectrum increase in operating costs as a result of elevated inflationary pressure, the overall **general and administrative expenses** was approximately \$0.4 million or 3.6% lower in the 1st half of 2023 as compared to its corresponding period in 2022, as the increases were offset by reversal of allowance for inventory obsolescence, lower depreciation charge and and lower staff bonus provision made during the current financial period.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

- (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 increase in **net finance costs** by \$51K or 46.5% in the 1st half of 2022 as compared to the corresponding period in 2022 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.
- (g) Despite the utilisation of tax credits, the effective tax rate registered in the 1st half of 2023 was substantially higher than the amount obtained by applying the statutory tax rate of 17% on profit before tax mainly due to losses incurred by some entities which cannot be offset against profits earned by other companies within the Group and the varying statutory tax rates of the different countries in which the Group operates.

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

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

6 months ended 30 June 2023 vs 6 months ended 30 June 2022

	Group		Increase (Decrease)	
	6 months ended 30 Jun			
	2023	2022	\$'000	%
Fish	1,046	1,691	(645)	(38.1)
Accessories	423	582	(159)	(27.3)
Plastics	352	248	104	41.9
Unallocated corporate expenses	(1,635)	(1,436)	(199)	(13.9)
	<u>186</u>	<u>1,085</u>	<u>(899)</u>	<u>(82.9)</u>

With lower revenue contribution registered, our operating profit in the 1st half of 2023 decreased by \$0.9 million as compared to its corresponding period in 2022. The reduction in profit contribution was mainly from our fish business.

Fish

Despite the marginally lower revenue registered by the fish business, the significant dip in operating profit from this segment in the 1st half of 2023 as compared to its corresponding period in 2022 was mainly due to the reduction in handling income derived from the handling of transshipments in relation to the aquaculture business during the current financial period.

Accessories

The decrease in operating profit from our accessories business by approximately \$0.2 million or 27.3% in the 1st half of 2023 as compared to its corresponding period in 2022 was in line with the substantial reduction in revenue contribution during the current financial period.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

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

Plastics

With higher revenue registered in the 1st half of 2023, coupled with better margin yielded, the profitability of the plastics business improved noticeably as compared to its corresponding period in 2022.

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 higher unallocated corporate expenses incurred in the 1st half of 2023 as compared to its corresponding period in 2022 was mainly due to the increase in corporate headcount, unfavourable foreign currency exchange rates, as well as the escalating finance costs.

Consolidated Statement of Financial Position

Total assets (Group) as at 30 June 2023 were \$69.3 million, decreased by approximately \$3.1 million from \$72.4 million as at 31 December 2022.

The reduction was due to –

- decrease in inventory by \$1.0 million as a result of the continuous review carried out to streamline our inventory management process so as to better and effectively manage our inventory holding.
- decrease in cash and cash equivalents of approximately \$4.2 million of which \$2.5 million was utilised for the repayment of bank borrowings during the current financial period.

The above decreases were partially offset by –

- increase in property, plant and equipment by approximately \$0.7 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 amounting to \$1.5 million mainly due to higher sales registered in the month of June as compared to December when sales were generally affected by the year end festive holidays, coupled with more advances made to suppliers for purchases to be delivered in the coming quarters. The trade receivables turnover days has increased from 59 days as at 31 December 2022 to 64 days as at 30 June 2023.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

Consolidated Statement of Financial Position (cont'd)

Total liabilities (Group) as at 30 June 2023 were \$18.1 million, decreased by approximately \$2.7 million from \$20.8 million as at 31 December 2022.

The reduction was due to –

- decrease in loans and borrowings by approximately \$1.3 million resulting from the repayment of bank borrowings of \$2.5 million in the 1st half 2023, partially offset by the increase in lease liabilities upon the recognition of additional ROU assets during the current financial period, despite repayments made on lease liabilities on a monthly basis.
- decrease in trade and other payables by approximately \$1.3 million upon the settlement of non-trade suppliers and accrued operating expenses, as well as the reduction of accrued staff costs as a result of bonus payment made in January 2023.
- decrease in current tax payable by approximately \$0.1 million upon the settlement of tax liabilities in the 1st half of 2023.

Consolidated Statement of Cash Flows

The reduction in **net cash from operating activities** for the six months ended 30 June 2023 as compared to its corresponding period in 2022 was mainly due to substantially lower operating profit registered, coupled with the increase in trade receivables balance which was in line with the higher credit sales generated, as well as the prompt settlement of non-trade suppliers and accrued operating expenses 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.

Net cash used in financing activities was for the settlement of bank loans and 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 2023.

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 2022, released via the SGXNET on 12 January 2023.

PROSPECTS

Moving into the 2nd half of 2023, our Group expects the overall business landscape to remain challenging.

The on-going Russia-Ukraine conflict continued to cast uncertainties which resulted in the reduction in economic activities in Europe which affected our sales to that geographical region. In Asia, China's reopening has resulted in more airfreight capacity which enabled us to fulfil orders in and out of China. However, China's economic recovery remained lacklustre and we envisage that it would take some time for China's economy to return to pre-pandemic levels.



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OTHER INFORMATION (cont'd)

PROSPECTS (cont'd)

With no end in sight to the US Federal Reserve's interest rate hikes, inflationary pressures will result in significantly higher business costs, such as increasing inventory costs, rising finance expenses, as well as the surge in energy prices, etc, which could continue to affect the Group's short-term profitability.

Despite these extremely challenging situations, Qian Hu is resolute in strengthening the Group's balance sheet, by reducing bank loans, prioritising cash flow and decreasing inventory. We will also focus on building resilience in our core businesses while growing our relatively new aquaculture business, as well as explore opportunities in expanding our seafood trading and the distribution of pets products in Southeast Asia.

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 remaining 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 2023)

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 2023 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
18 July 2023