



**Interim Financial Information
As at and for the Half Year Ended
30 June 2021**

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 2021

STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30 Jun 2021 \$	As at 31 Dec 2020 \$	As at 30 Jun 2021 \$	As at 31 Dec 2020 \$
ASSETS					
Property, plant and equipment	3	9,236,963	10,312,292	3,381,607	3,572,153
Biological assets - brooder stocks	4	7,947,350	8,040,112	7,947,350	8,040,112
Intangible assets	5	6,966,452	7,034,119	2,920,022	2,981,022
Subsidiaries		-	-	4,023,450	4,023,450
Non-current assets		24,150,765	25,386,523	18,272,429	18,616,737
Biological assets - breeder stocks	4	117,870	311,820	117,870	311,820
Inventories	6	17,261,190	16,979,890	4,667,545	4,574,085
Trade and other receivables	7	14,209,961	15,985,887	25,313,321	26,664,199
Cash and cash equivalents		21,570,742	19,097,923	12,879,137	10,265,172
Current assets		53,159,763	52,375,520	42,977,873	41,815,276
Total assets		77,310,528	77,762,043	61,250,302	60,432,013
EQUITY					
Share capital	8	30,772,788	30,772,788	30,772,788	30,772,788
Reserves		16,890,984	16,583,703	7,646,907	6,433,375
Equity attributable to owners of the Company		47,663,772	47,356,491	38,419,695	37,206,163
Non-controlling interests		2,400,718	2,378,594	-	-
Total equity		50,064,490	49,735,085	38,419,695	37,206,163
LIABILITIES					
Loans and borrowings	9	777,812	1,272,743	97,653	94,457
Deferred tax liabilities		70,358	70,547	-	-
Non-current liabilities		848,170	1,343,290	97,653	94,457
Loans and borrowings	9	15,475,282	15,680,229	14,101,453	14,157,925
Trade and other payables	10	10,572,210	10,589,406	8,424,044	8,766,011
Current tax payable		350,376	414,033	207,457	207,457
Current liabilities		26,397,868	26,683,668	22,732,954	23,131,393
Total liabilities		27,246,038	28,026,958	22,830,607	23,225,850
Total equity and liabilities		77,310,528	77,762,043	61,250,302	60,432,013
Inventory turnover (days)		117	131	57	69
Trade receivables turnover (days)		54	64	55	67
Debt equity ratio		0.54	0.56	0.59	0.62



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 30 JUNE 2021

	Note	Group		Change %
		6 months ended 30 Jun		
		2021	2020	
		\$	\$	
Revenue	11	39,714,406	33,221,603	19.5
Cost of sales		(26,745,550)	(22,511,124)	18.8
Gross profit		12,968,856	10,710,479	21.1
Other income	12	1,810,902	408,775	343.0
Selling & distribution expenses		(1,123,385)	(1,029,574)	9.1
General & administrative expenses		(12,217,170)	(10,038,724)	21.7
Impairment loss on trade receivables		(214,040)	(316,516)	(32.4)
Results from operating activities		1,225,163	(265,560)	561.4
Finance income		13,752	31,271	(56.0)
Finance costs		(134,709)	(229,197)	(41.2)
Net finance costs	13	(120,957)	(197,926)	(38.9)
Profit (Loss) before tax	14	1,104,206	(463,486)	338.2
Tax expense	15	(113,831)	(43,542)	161.4
Profit (Loss) for the period		990,375	(507,028)	295.3
Profit (Loss) attributable to:				
Owners of the Company		856,500	(525,237)	263.1
Non-controlling interests		133,875	18,209	635.2
Profit (Loss) for the period		990,375	(507,028)	295.3
Earnings (Loss) per share (cents)	16			
Basic		0.75	(0.46)	
Diluted		0.75	(0.46)	
Gross profit margin		32.7%	32.2%	
Net profit (loss) margin		2.5%	(1.5%)	
Effective tax rate		10.3%	NM	

NM: Not meaningful



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2021

	Group		Change
	6 months ended 30 Jun		
	2021	2020	%
	\$'000	\$'000	
Profit (Loss) for the period	990,375	(507,028)	295.3
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of tax	(433,918)	(40,686)	966.5
Other comprehensive income for the period, net of tax	(433,918)	(40,686)	966.5
Total comprehensive income for the period	556,457	(547,714)	201.6
Total comprehensive income attributable to:			
Owners of the Company	534,333	(590,054)	190.6
Non-controlling interests	22,124	42,340	(47.7)
Total comprehensive income for the period	556,457	(547,714)	201.6



QIAN HU CORPORATION LIMITED
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STATEMENTS OF CHANGES IN EQUITY

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



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STATEMENTS OF CHANGES IN EQUITY (cont'd)

Group	Attributable to owners of the Company				Non-Controlling interests	Total equity
	Share capital	Retained earnings	Translation reserve	Total		
	\$	\$	\$	\$	\$	\$
Balance at 1 Jan 2020	30,772,788	18,247,151	373,992	49,393,931	2,493,407	51,887,338
Total comprehensive income for the period						
(Loss) Profit for the period	-	(525,237)	-	(525,237)	18,209	(507,028)
Other comprehensive income						
Foreign currency translation differences for foreign operations, net of tax	-	-	(64,817)	(64,817)	24,131	(40,686)
Total other comprehensive income	-	-	(64,817)	(64,817)	24,131	(40,686)
Total comprehensive income for the period	-	(525,237)	(64,817)	(590,054)	42,340	(547,714)
Transactions with owners of the Company, recognised directly in equity						
<i>Distributions to owners</i>						
Dividends paid	-	(340,580)	-	(340,580)	-	(340,580)
Total transactions with owners of the Company	-	(340,580)	-	(340,580)	-	(340,580)
Balance at 30 Jun 2020	30,772,788	17,381,334	309,175	48,463,297	2,535,747	50,999,044



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STATEMENTS OF CHANGES IN EQUITY (cont'd)

Company	Share capital \$	Retained earnings \$	Translation reserve \$	Total equity \$
Balance at 1 Jan 2021	30,772,788	6,447,324	(13,949)	37,206,163
Total comprehensive income for the period				
Profit for the period	-	1,491,870	-	1,491,870
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	-	-	(51,286)	(51,286)
Total other comprehensive income	-	-	(51,286)	(51,286)
Total comprehensive income for the period	-	1,491,870	(51,286)	1,440,584
Transactions with owners of the Company, recognised directly in equity				
<i>Distributions to owners</i>				
Dividends paid	-	(227,052)	-	(227,052)
Total transactions with owners of the Company	-	(227,052)	-	(227,052)
Balance at 30 Jun 2021	30,772,788	7,712,142	(65,235)	38,419,695
Balance at 1 Jan 2020	30,772,788	9,126,880	61,705	39,961,373
Total comprehensive income for the period				
Loss for the period	-	(421,945)	-	(421,945)
Other comprehensive income				
Foreign currency translation differences for foreign operations, net of tax	-	-	(37,827)	(37,827)
Total other comprehensive income	-	-	(37,827)	(37,827)
Total comprehensive income for the period	-	(421,945)	(37,827)	(459,772)
Transactions with owners of the Company, recognised directly in equity				
<i>Distributions to owners</i>				
Dividends paid	-	(340,580)	-	(340,580)
Total transactions with owners of the Company	-	(340,580)	-	(340,580)
Balance at 30 Jun 2020	30,772,788	8,364,355	23,878	39,161,021



QIAN HU CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2021

	Group	
	6 months ended 30 Jun	
	2021	2020
	\$	\$
Cash flows from operating activities		
Profit (Loss) before tax	1,104,206	(463,486)
Adjustments for:		
Amortisation of intangible assets	67,667	74,333
Impairment loss on trade receivables	214,040	316,516
Allowance for inventory obsolescence	485,000	178,000
Depreciation of		
- property, plant and equipment	1,663,384	1,608,643
- brooder stocks	92,762	120,135
Property, plant and equipment written off	147	2,526
Gain on disposal of property, plant and equipment	(18,131)	(227)
Gain on derecognition of right-of-use assets and lease liabilities	(11,080)	-
Finance costs	134,709	229,197
Finance income	(13,752)	(31,271)
	<u>3,718,952</u>	<u>2,034,366</u>
Changes in working capital:		
Inventories	(831,288)	(373,691)
Breeder stocks	193,950	90
Trade and other receivables	1,398,018	2,894,303
Trade and other payables	18,536	(1,206,974)
Cash generated from operations	4,498,168	3,348,094
Tax paid	(172,350)	(43,415)
Net cash from operating activities	<u>4,325,818</u>	<u>3,304,679</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(563,470)	(159,581)
Interest received	13,752	31,271
Proceeds from disposal of property, plant and equipment	18,131	9,219
Net cash used in investing activities	<u>(531,587)</u>	<u>(119,091)</u>



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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2021 (cont'd)

	Group	
	6 months ended 30 Jun	
	2021	2020
	\$	\$
Cash flows from financing activities		
Payment of dividend to owners of the Company	(227,052)	(340,580)
Drawdown of bank term loans	-	1,000,000
Interest paid	(133,997)	(239,588)
Repayment of lease liabilities	(798,326)	(720,298)
Net cash used in financing activities	(1,159,375)	(300,466)
Net increase in cash and cash equivalents	2,634,856	2,885,122
Cash and cash equivalents at beginning of period	19,097,923	13,784,384
Effect of exchange rate fluctuations on cash held	(162,037)	24,017
Cash and cash equivalents at end of period (Note i)	21,570,742	16,693,523

(i) Cash and cash equivalents comprised:

	Group	
	As at	As at
	30 Jun 2021	30 Jun 2020
	\$	\$
Short-term deposits	1,446,935	2,127,084
Cash and bank balances	20,123,807	14,566,439
	21,570,742	16,693,523



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 2021 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 11 and 20).

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2021 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 2020.

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 2020, 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:

- Notes 4 and 5 – impairment test of biological assets and intangible assets: key assumptions on underlying recoverable amounts
- Note 7 – 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 21).

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 period, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2021:

- Amendments to SFRS(I) 16 *Covid-19-Related Rent Concessions*
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2*

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 2021. 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 2021, the Group acquired property, plant and equipment with an aggregate cost of \$632,540 (30/6/2020: \$1,302,104), of which \$69,070 (30/6/2020: \$1,142,523) relates to right-of-use assets. Cash payments of \$563,470 (30/6/2020: \$159,581) were made to purchase property, plant and equipment.

4 Biological assets

	Group and Company	
	As at	As at
Brooder stocks	30 Jun 2021	31 Dec 2020
	\$	\$
Cost		
Balance as at 1 Jan and 30 Jun/31 Dec	12,015,000	12,015,000
Accumulated depreciation and impairment loss		
Balance as at 1 Jan	3,974,888	1,734,613
Depreciation charge for the period/year	92,762	240,275
Impairment loss	-	2,000,000
Balance as at 30 Jun/31 Dec	4,067,650	3,974,888
Net carrying amount		
Balance as at 30 Jun/31 Dec	7,947,350	8,040,112



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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 2021. An impairment loss of \$2 million was recognised in respect of the biological assets as at 31 December 2020 as the carrying amount of certain species of brooder stocks was in excess of the recoverable 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.



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

5 Intangible assets

	Group		Company	
	As at 30 Jun 2021 \$	As at 31 Dec 2020 \$	As at 30 Jun 2021 \$	As at 31 Dec 2020 \$
Trademarks/customer acquisition costs/formulation rights	3,797,806	3,797,806	3,717,806	3,717,806
Product listing fees	-	196,153	-	196,153
Goodwill on consolidation	4,046,430	4,046,430	-	-
	7,844,236	8,040,389	3,717,806	3,913,959
Less Accumulated amortisation	(877,784)	(1,006,270)	(797,784)	(932,937)
	6,966,452	7,034,119	2,920,022	2,981,022

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.

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

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 2021 and 31 December 2020 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.



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

5 Intangible assets (cont'd)

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

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 2021 and 31 December 2020 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.



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

6. Inventories

	Group		Company	
	As at 30 Jun 2021	As at 31 Dec 2020	As at 30 Jun 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Fish	1,889,658	1,799,931	1,129,991	1,105,443
Accessories	14,164,296	14,111,165	3,537,554	3,468,642
Plastics products - raw materials	512,756	359,974	-	-
Plastics products - finished goods	694,480	708,820	-	-
	<u>17,261,190</u>	<u>16,979,890</u>	<u>4,667,545</u>	<u>4,574,085</u>

7. Trade and other receivables

	Group		Company	
	As at 30 Jun 2021	As at 31 Dec 2020	As at 30 Jun 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Trade receivables	13,052,762	14,294,532	7,253,224	8,032,360
Loss allowance	(1,276,949)	(1,070,114)	(705,000)	(705,000)
Net receivables	11,775,813	13,224,418	6,548,224	7,327,360
Deposits	524,619	495,778	58,560	58,870
Tax recoverable	86,727	87,393	-	-
Other receivables	256,123	800,106	43,492	531,876
Amount due from subsidiaries:				
- trade	-	-	14,728,693	15,034,626
- non-trade	-	-	3,032,380	3,053,620
Amortised cost	12,643,282	14,607,695	24,411,349	26,006,352
Prepayments	698,649	752,696	202,025	170,687
Advances to suppliers	868,030	625,496	699,947	487,160
	<u>14,209,961</u>	<u>15,985,887</u>	<u>25,313,321</u>	<u>26,664,199</u>

Included in the amount due from subsidiaries is an amount due from Guangzhou Qian Hu Aquarium and Pets Accessories Manufacturing Co., Ltd (“GZQH”) of approximately \$9.2 million as at 30 June 2021 (31/12/2020: \$9.5 million). The recoverability of the amount due from GZQH of approximately \$7.2 million (31/12/2020: \$7.2 million) is guaranteed by a major shareholder of the Company and a director of the Company.

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 (31/12/2020: 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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8. Share capital

	Number of shares	\$
Fully paid ordinary shares with no par value:		
As at 1 Jan 2021 and 30 Jun 2021	<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 2020.

There were no outstanding convertibles as at 30 June 2021 (30/6/2020: Nil).

The Company did not hold any treasury shares as at 30 June 2021 (30/6/2020: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2021.

9. Loans and borrowings

	<u>Group</u>		<u>Company</u>	
	As at 30 Jun 2021	As at 31 Dec 2020	As at 30 Jun 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Non-current liabilities				
Lease liabilities	777,812	1,272,743	97,653	94,457
Current liabilities				
Short-term loans (unsecured)	14,000,000	14,000,000	14,000,000	14,000,000
Bills payable to banks (unsecured)	115,603	82,203	-	-
Lease liabilities	1,359,679	1,598,026	101,453	157,925
	<u>15,475,282</u>	<u>15,680,229</u>	<u>14,101,453</u>	<u>14,157,925</u>
	<u>16,253,094</u>	<u>16,952,972</u>	<u>14,199,106</u>	<u>14,252,382</u>

The unsecured short-term loans are revolving bank loans that bear interest at rates ranging from 1.22% to 1.37% (31/12/2020: 1.19% to 1.34%) per annum and are repayable within the next 12 months from the reporting date.

As at 30 June 2021, there were corporate guarantees given by the Company to financial institutions for banking facilities extended to subsidiaries amounting to approximately \$1.7 million (31/12/2020: \$1.7 million).



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

10. Trade and other payables

	Group		Company	
	As at 30 Jun 2021	As at 31 Dec 2020	As at 30 Jun 2021	As at 31 Dec 2020
	\$	\$	\$	\$
Trade payables	4,571,027	5,179,632	2,277,981	2,884,958
Accrued operating expenses	590,822	654,093	444,756	449,702
Accrued interest payable	7,365	6,653	7,365	6,653
Other payables	2,581,769	2,015,146	2,122,726	1,606,875
Accrued staff costs	2,132,627	1,912,524	1,633,566	1,498,977
Advance received from customers	617,079	591,706	361,477	152,847
Deferred grant income				
- Jobs Support Scheme (JSS)	71,521	229,652	61,559	196,226
Amounts due to subsidiaries:				
- trade	-	-	429,730	504,789
- non-trade	-	-	1,084,884	1,464,984
	10,572,210	10,589,406	8,424,044	8,766,011

11. Revenue

	Group	
	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020
	\$	\$
Sales of goods		
- Fish	15,386,359	11,884,765
- Accessories	20,532,235	16,778,811
- Plastics	3,795,812	4,558,027
	39,714,406	33,221,603

(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 20).

Group	Fish		Accessories		Plastics		Total	
	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Primary geographical markets								
Singapore	2,854,047	1,975,490	5,513,906	4,788,029	3,461,247	4,437,601	11,829,200	11,201,120
Other Asian countries	6,786,569	5,816,313	11,528,112	9,859,950	81,509	75,063	18,396,190	15,751,326
Europe	2,925,458	2,435,346	559,840	391,206	103,895	11,008	3,589,193	2,837,560
Others	2,820,285	1,657,616	2,930,377	1,739,626	149,161	34,355	5,899,823	3,431,597
	15,386,359	11,884,765	20,532,235	16,778,811	3,795,812	4,558,027	39,714,406	33,221,603



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

11. Revenue (cont'd)

(ii) Seasonality of operations

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

12. Other income

	Group	
	6 months ended 30 Jun	
	2021	2020
	\$	\$
Gain on disposal of property, plant and equipment	18,131	227
Gain on derecognition of right-of-use assets and lease liabilities	11,080	-
Handling income (net)	1,704,147	327,593
Sundry income	77,544	80,955
	<u>1,810,902</u>	<u>408,775</u>

13. Net finance costs

	Group	
	6 months ended 30 Jun	
	2021	2020
	\$	\$
Interest income		
- bank deposits	13,752	31,271
Interest expense		
- bank loans and overdrafts	(89,038)	(170,555)
- bills payable to banks	(1,647)	(4,676)
- lease liabilities	(44,024)	(53,966)
	<u>(134,709)</u>	<u>(229,197)</u>
Net finance costs	<u>(120,957)</u>	<u>(197,926)</u>



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

14. Profit (Loss) before tax

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

	Group	
	6 months ended 30 Jun	
	2021	2020
	\$	\$
Allowance for inventory obsolescence	485,000	178,000
Auditors' remuneration		
- auditors of the Company	61,000	66,000
- other auditors	11,774	11,700
Non-audit fees		
- other auditors	8,810	19,100
Directors' fees		
- directors of the Company	40,000	50,000
Directors' remuneration		
- directors of the Company	313,350	404,970
- directors of subsidiaries	221,035	196,310
Depreciation of		
- property, plant and equipment	1,663,384	1,608,643
- brooder stocks	92,762	120,135
Amortisation of intangible assets	67,667	74,333
Exchange gain, net	(190,821)	(282,716)
Operating lease expenses	71,163	56,259
Property, plant and equipment written off	147	2,526
Staff costs		
- salaries and bonus	6,513,641	5,474,515
- provident fund contributions	438,060	437,803
- staff welfare benefits	537,513	351,990
- foreign worker levy	197,553	53,750

* Include directors' remuneration.

15. Tax expense

	Group	
	6 months ended 30 Jun	
	2021	2020
	\$	\$
Current tax expense		
Current year	113,831	43,542
Under (Over) provision in respect of prior year	-	-
	113,831	43,542



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

16. Earnings (Loss) per share

	Group	
	6 months ended 30 Jun	
	2021	2020
Profit (Loss) attributable to equity holders of the Company (\$)	856,500	(525,237)
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	113,526,467	113,526,467
Basic earnings (loss) per share (cents)	0.75	(0.46)

The calculation of basic earnings per share at 30 June was based on profit (loss) attributable to owners of the Company and the weighted average number of ordinary shares outstanding.

The Group has no dilution in its earnings per share at 30 June 2021 and 30 June 2020.

17. Net asset value per share

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net asset value per share based on existing issued share capital as at the respective dates (cents)	44.10	43.81	33.84	32.77

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

18. Dividends

No interim dividend for the half year ended 30 June 2021 (30/6/2020: 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.



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

19. 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”).

The interested person transactions at terms agreed between the parties are as follows:

	Group	
	6 months ended 30 Jun	
	2021	2020
	\$	\$
Guarantee fee paid to a major shareholder of the Company *	-	18,000
Consultancy fees paid to a company in which a director has a substantial interest	-	8,300

* *The Group was charged a guarantee fee of 0.5% per annum on the average balance of the outstanding amounts due from GZQH. The guarantee fee was payable to a major shareholder of the Company, for guaranteeing the payment of the outstanding amounts. The Group has negotiated with the guarantors to waive the guarantee fee payable from FY 2021 till the discharge of the guarantee.*

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 2021.

20. 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)

20. Operating segments (cont'd)

(a) Business segments (cont'd)

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

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

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

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



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

20. **Operating segments (cont'd)**

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

Group	6 months ended 30 Jun 2020				
	Fish \$'000	Accessories \$'000	Plastics \$'000	Others \$'000	Total \$'000
Revenue					
External revenue	11,885	16,779	4,558	-	33,222
Inter-segment revenue	818	4,401	54	(5,273)	-
Total Revenue	12,703	21,180	4,612	(5,273)	33,222
Results					
EBITDA *	279	1,602	927	(1,270)	1,538
Depreciation and amortisation	(739)	(868)	(196)	-	(1,803)
Interest expense	(6)	(45)	(7)	(171)	(229)
Interest income	7	1	-	23	31
(Loss) Profit before tax	(459)	690	724	(1,418)	(463)
Tax expense	-	(44)	-	-	(44)
(Loss) Profit for the period	(459)	646	724	(1,418)	(507)
Net (loss) profit margin	(3.9%)	3.9%	15.9%		(1.5%)
Assets and Liabilities					
Segment assets	34,201	36,668	6,320	2,229	79,418
Segment liabilities	3,694	5,996	2,423	16,306	28,419
Other Segment Information					
Expenditures for non-current assets **	50	75	35	-	160
Other non-cash items:					
Gain on disposal of property, plant and equipment	-	***	-	-	***
Property, plant and equipment written off	-	3	-	-	3
Impairment loss on trade receivables	314	3	-	-	317
Allowance for inventory obsolescence	-	178	-	-	178

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

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

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

(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.



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

20. Operating segments (cont'd)

(b) Geographical segments (cont'd)

Group	Revenue		Segment non-current assets		Segment assets	
	6 months ended 30 Jun		6 months ended 30 Jun		6 months ended 30 Jun	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	11,829	11,201	19,350	22,641	49,379	48,749
Other Asian countries	18,396	15,751	4,801	6,121	27,932	30,669
Europe	3,589	2,838	-	-	-	-
Others	5,900	3,432	-	-	-	-
Total	39,714	33,222	24,151	28,762	77,311	79,418

(c) Major customers

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

21. 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.

	Amortised cost	Other financial liabilities	Total carrying amount
	\$	\$	\$
Group			
30 Jun 2021			
Financial assets not measured at fair value			
Trade and other receivables#	12,643,282	-	12,643,282
Cash and cash equivalents	21,570,742	-	21,570,742
	<u>34,214,024</u>	<u>-</u>	<u>34,214,024</u>
Financial liabilities not measured at fair value			
Lease liabilities	-	(2,137,491)	(2,137,491)
Bank term loans	-	(14,000,000)	(14,000,000)
Bills payable to banks	-	(115,603)	(115,603)
Trade and other payables*	-	(9,883,610)	(9,883,610)
	<u>-</u>	<u>(26,136,704)</u>	<u>(26,136,704)</u>

Excludes prepayments and advances to suppliers.

* Excludes advance received from customers and deferred grant income.



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

21. **Fair value management (cont'd)**

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

	Amortised cost \$	Other financial liabilities \$	Total carrying amount \$
Group			
31 Dec 2020			
Financial assets not measured at fair value			
Trade and other receivables#	14,607,695	-	14,607,695
Cash and cash equivalents	19,097,923	-	19,097,923
	33,705,618	-	33,705,618
Financial liabilities not measured at fair value			
Lease liabilities	-	(2,870,769)	(2,870,769)
Bank term loans	-	(14,000,000)	(14,000,000)
Bills payable to banks	-	(82,203)	(82,203)
Trade and other payables*	-	(9,768,048)	(9,768,048)
	-	(26,721,020)	(26,721,020)
Company			
30 Jun 2021			
Financial assets not measured at fair value			
Trade and other receivables#	24,411,349	-	24,411,349
Cash and cash equivalents	12,879,137	-	12,879,137
	37,290,486	-	37,290,486
Financial liabilities not measured at fair value			
Lease liabilities	-	(199,106)	(199,106)
Bank term loans	-	(14,000,000)	(14,000,000)
Trade and other payables*	-	(8,001,008)	(8,001,008)
	-	(22,200,114)	(22,200,114)
31 Dec 2020			
Financial assets not measured at fair value			
Trade and other receivables#	26,006,352	-	26,006,352
Cash and cash equivalents	10,265,172	-	10,265,172
	36,271,524	-	36,271,524
Financial liabilities not measured at fair value			
Lease liabilities	-	(252,382)	(252,382)
Bank term loans	-	(14,000,000)	(14,000,000)
Trade and other payables*	-	(8,416,938)	(8,416,938)
	-	(22,669,320)	(22,669,320)

Excludes prepayments and advances to suppliers.

* Excludes advance received from customers and deferred grant income.



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

21. 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.

Interest-bearing bank loans

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

Other financial assets and liabilities

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

Biological assets - breeder stocks

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

Fair value hierarchy

The table below analyses the fair value measurements for recurring 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 2021				
Breeder stocks	—	—	117,870	117,870
31 Dec 2020				
Breeder stocks	—	—	311,820	311,820

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.



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OTHER INFORMATION

AUDIT

The statements of financial position as at 30 June 2021 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 2021 vs 6 months 2020

	Group		Increase	
	2021	2020	(Decrease)	
	\$'000	\$'000	\$'000	%
Fish	15,386	11,885	3,501	29.5
Accessories	20,532	16,779	3,753	22.4
Plastics	3,796	4,558	(762)	(16.7)
	39,714	33,222	6,492	19.5

For the six months ended 30 June 2021, the fish and accessories activities continued to be our core business segments, which together accounted for approximately 90.4% of the total revenue. Our overall revenue registered of \$39.7 million for the six months ended 30 June 2021 was approximately \$6.5 million or 19.5% higher than that of its corresponding period in 2020.

On a geographical basis, revenue from Singapore and overseas grew by approximately 5.6% and 26.6% respectively in the 1st half of 2021, as compared to its corresponding period in 2020.

Fish

Our fish exports are very dependent on the operations and availability of air cargo, and with the extensive reduction of capacity and flight frequencies during the Covid-19 pandemic since the beginning of FY 2020, our fish export business was severely affected. Similarly, our aquaculture business, revolved around our farms in the Hainan Province in China, was also impacted by the lockdown in China which dampened domestic demand and depressed fish fry prices. As such, our fish revenue dived during the 1st half of 2020.

Following the lifting of border restrictions and the gradual reopening of air traffic in the latter part of 2020, we saw a recuperation of revenue from this business segment with a stable flow of customers’ orders. The resilience in the demand for fish has elevated the revenue registered in the 1st half of 2021, which was approximately \$3.5 million or 29.5% higher than its corresponding period in 2020.

Moving ahead, we will look into the expansion and strengthening of the domestic network within each of our export hubs in Singapore, Malaysia, Thailand, Indonesia and China to mitigate the risk of global supply chain disruptions.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

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

Accessories

The Movement Control Order (MCO) experienced in Malaysia since March 2020 and the closure of our China operations for almost one month till mid-February 2020 under a directive by its local government to help limit the spread of Covid-19 infections has resulted in lower accessories revenue registered in the 1st half of 2020.

With the full resumption of operating activities in all business locations, coupled with the increase in revenue from our export business, as we continued to leverage on the Group's existing distribution bases, network and infrastructure available to explore more untapped markets, our accessories revenue increased substantially by approximately \$3.8 million or 22.4% in the 1st half of 2021 as compared to its corresponding period in 2020. The revenue registered in the current half-year period was also higher than the amount reported pre-pandemic.

Plastics

The loss of a major customer since May 2020 has driven down the revenue contribution from the plastics segment since the 2nd half of 2020. We managed to focus on generating revenue through selling products with sustainable margins, such as essential items used to enhance hygiene protocols for the food and beverage packing and healthcare sectors, instead of entering price war with our competitors.

- (b) **Other income** mainly consists of handling income derived from the handling of transhipments in relation to our aquaculture business. The increase in handling income was in tandem with the increase in aquaculture business activities during the current financial period.
- (c) The increase in **selling and distribution expenses** by \$94K or 9.1% for the six months ended 30 June 2021 as compared to its corresponding period in 2020 was in line with the increase in business activities and revenue contribution in the 1st half of 2021.
- (d) The full resumption of business activities and the higher revenue registered by the Group during the 1st half of 2021 have resulted in a broad-spectrum increase in operating costs as compared to the corresponding period in 2020.

The increase in **general and administrative expenses** by approximately \$2.2 million or 21.7% in the 1st half of 2021 as compared to its corresponding period in 2020 was mainly due to higher personnel expenses as a result of the increase in headcount and annual salary revision, as well as a lower amount of payouts and rebates received from the authorities which provided wage support to employers. The total amount of such grants and credits received during the six months ended 30 June 2021 amounted to approximately \$0.3 million (30/6/2020: \$0.8 million).

- (e) The **impairment loss on trade receivables** of approximately \$0.2 million for the six months ended 30 June 2021 was 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 the period, which was in compliance with SFRS(I) 9 *Financial Instruments*.
- (f) The decrease in **net finance costs** by \$77K or 38.9% for the six months ended 30 June 2021 as compared to the corresponding period in 2020 was mainly due to lower outstanding amounts, as well as lower interest rates charged by financial institutions during the current financial period.



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

- (g) The effective tax rate registered for the 1st half ended 30 June 2021 was lower than the amount obtained by applying the statutory tax rate of 17% on profit before tax mainly due to the utilisation of tax credits.

The Group incurred losses for the half year ended 30 June 2020. The **tax expense** was in relation to the operating profits registered by the profitable entities.

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

6 months 2021 vs 6 months 2020

	6 months ended 30 Jun		Increase	
	2021	2020	(Decrease)	
	\$'000	\$'000	\$'000	%
Fish	1,324	(459)	1,783	388.5
Accessories	804	690	114	16.5
Plastics	447	724	(277)	(38.3)
Unallocated corporate expenses	(1,471)	(1,418)	(53)	(3.7)
	<u>1,104</u>	<u>(463)</u>	<u>1,567</u>	<u>338.2</u>

The significant increase in profit contribution from our fish segment has fuelled the growth in overall profitability in the 1st half of 2021 as compared to its corresponding period in 2020.

Fish

The significant improvement in revenue registered by the fish business, coupled with higher handling fees derived from the handling of transshipments in relation to our aquaculture business, has lifted the profitability of this segment in the 1st half of 2021 as compared to its corresponding period in 2020.

Accessories

Notwithstanding a noticeable increase in revenue contribution, the operating profit from our accessories business increased at a slower pace by approximately \$0.1 million or 16.5% in the 1st half of 2021 as compared to the corresponding period in 2020. This was mainly a result of our continuing efforts to capture more sales, which eroded the profit margins of our accessories business in the current financial period.

Plastics

The profitability of our plastic activities dipped by approximately \$0.3 million or 38.3% in the 1st half of 2021 as compared to the corresponding period in 2020 was in line with the lower revenue contribution, coupled with the relatively higher raw material prices and a gradual increase in overall operational costs.

Unallocated corporate expenses

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



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OTHER INFORMATION (cont'd)

REVIEW OF GROUP PERFORMANCE (cont'd)

Consolidated Statement of Financial Position

Total assets (Group) as at 30 June 2021 were \$77.3 million, decreased marginally by \$0.5 million from \$77.8 million as at 31 December 2020.

The reduction was due to –

- decrease in property, plant and equipment by \$1.1 million as a result of depreciation charge during the financial period, despite there were 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*.
- decrease in trade and other receivables by \$1.8 million as a result of: -
 - conscientious effort made in the monitoring and collection of trade receivables outstanding during the financial period. Accordingly, our trade receivables turnover days has improved from 64 days in FY 2020 to 54 days as at 30 June 2021.
 - receipt of proceeds arising from the disposal of a subsidiary in the previous years.

The above reduction was partially offset by the increase in cash and cash equivalents of \$2.5 million.

Total liabilities (Group) as at 30 June 2021 were \$27.2 million, decreased marginally by \$0.8 million from \$28.0 million as at 31 December 2020.

The reduction was due to –

- decrease in loans and borrowings by approximately \$0.7 million as the increase in lease liabilities resulting from the recognition of additional right-of-use (ROU) assets during the current financial period was offset by the higher amount of repayment on lease liabilities.
- decrease in current tax payable by approximately \$0.1 million upon the settlement of tax liabilities in FY 2021.

Consolidated Statement of Cash Flows

The improvement in **net cash from operating activities** in the 1st half of 2021 as compared to the corresponding period in 2020 was mainly due to the operating profit registered during the current financial period.

Despite the loss registered for the six months ended 30 June 2020, the net cash from operating activities was mainly a result of the realisation of trade receivables into cash.

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 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 2021.



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OTHER INFORMATION (cont'd)

VARIANCE FROM PROSPECT STATEMENT

There is no variance from the previous prospect statement released via the SGXNET on 12 January 2021.

PROSPECTS

The business landscape continues to be challenging, requiring us to be continually innovative 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.

(More information on the Group's expansion plans were announced in detail in our Full Year Financial Statements and Dividend Announcement dated 12 January 2021)

In the 1st half of 2021, the pandemic continued to rage in many parts of the world. With the roll out of vaccines in more countries and key markets this year, the world is slowly seeing some light at the end of the tunnel. There is no immediate solution, and we must continue to be ever ready to adapt to the new normal and prepare for the economic recovery that will surely come.

As we move into the 2nd half of 2021 amidst such a challenging environment, the Group continues to preserve and focus on our core businesses, including our new engine of growth – Aquaculture. Throughout the pandemic, our core businesses have remained resilient, a testament of our enduring strength and versatility, as our strong fundamentals help us to navigate through such turbulent times. Qian Hu will continue its expansion plan as we expect to experience more normalcy moving forward.

Barring unforeseen circumstances, the Group expects its revenue to grow while achieving profitability in the 2nd half of 2021.

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 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

KENNY YAP KIM LEE
Executive Chairman

LAI CHIN YEE
Finance Director

BY ORDER OF THE BOARD

Kenny Yap Kim Lee
Executive Chairman
16 July 2021